The Financial Times, November 29, 1976

FINANCIAL TIMES

No. 27,136 Monday November 29 1976 **10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.50; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Pts.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.

NEWS SUMMARY

GENERAL

EEC summit starts to-day

The attitude which the EEC should adopt to the demands of the Third World in the final phase of the north-south talks in Paris, and the expected rise in OPEC prices next month, are expected to dominate the two-day summit of the Nine which opens in the The Hague to-day.

Western European leaders are under considerable pressure from the 19 developing countries meeting in Paris to agree on a number of economic concessions in advance of the ministerial meeting which is due to close the talks on December 15.

Last night the Nine appeared to remain divided on their response, making it likely that to-day's summit will centre on the possibility of pressing for a deferment of the December 15 session. Back Page; Feature Page 23.

Rhodesia talks to move forward

With the deadlock over an independence date broken, Mr. Ivor Richard, chairman of the Rhodesia conference in Geneva, will to-day begin a series of discussions with representatives of Mr. Ian Smith's Government, and with African nationalists, over the structure of a government designed to take Rhodesia through to independence. Back and Page 4

China to resume border talks

Talks between China and the Soviet Union over border problems which were suspended in May last year are expected to resume in Peking to-day.

Saudi aid for Lebanese victims

King Khaled of Saudi Arabia yesterday made $5m. immediately available to help victim's of Lebanon's civil war. In Beirut businessmen estimated Lebanon's total war damage at £1.7bn. PLO speaks out Page 4

Observer staff to carry on

In an exclusive interview with the Financial Times Mr. Robert O. Anderson, chairman of Atlantic Richfield, which has bought the Observer, rejected the suggestion that he is planning managerial changes. "You don't change the players until you have to," he said. Page 4

Christmas trees to cost more

Christmas trees are to cost about 20 per cent. more this year because they are in short supply. Prices are expected to range from about £1.40 for the cheapest four-footer in the shops to twice as much for top quality trees. Back Page

Madrid arrests

Police in Madrid yesterday arrested Srs. Simon Sanchez Montero and Jaime Ballesteros, members of the Spanish Communist Party's executive committee. Referendum pact, Page 4

Briefly . . .

Dr. Harold Darke, former president of the Royal College of Organists, who created the carol In the Bleak Midwinter when he was 18, died in Cambridge yesterday. He was 88.

Finland's Pentti Airikkala, driving a Ford Escort RS 1800, last night held a 2 min. 41sec. lead in the Lombard-RAC rally. Page 6

Mr. Terry Davis, 38, former Labour MP for Bromsgrove, is to be Labour's candidate in the Birmingham, Stechford, by-election caused by Mr. Roy Jenkins' appointment as president of the EEC Commission

Len Harvey, the boxer, has died in London. He was 69.

Rosalind Russell, the actress, has died in California. She was 63.

BUSINESS

Grocery prices rise by 1.8%

● **GROCERY PRICES** have continued to rise, although less sharply than before. FT Grocery Prices Index, at 241.53, is up 1.8 per cent. on a month ago, compared with a rise of 3 per cent. in October and 4.1 per cent. in September.

The main causes of the latest rise were higher prices for fruit and vegetables, butter, cheese and eggs. Meat prices fell slightly. The cost of the goods in the FT shopping basket has risen by 24 per cent. in the past year. Page 28

● **BRITAIN'S** forthcoming period of leadership in EEC organisations should be used to promote a more effective industrial policy and the speeding up of economic and monetary coordination, according to the CBI. Page 6

● **POUND** may be steadier as a result of the adoption of strict monetary targets by the Government, says Dr. David Lomax, economic adviser to the National Westminster Bank. Page 6

● **IRELAND'S** economy is in a critical state, largely because of inflation, which is expected to be 18 per cent. this year, according to an OECD report. Page 4

New talks on telephone cuts

● **POST OFFICE** officials will meet management and union representatives from its equipment suppliers to-day to try to persuade them to accept the plan to cut telephone exchange orders by £220m. Page 6. Telephone monopoly under attack, Page 11

● **OPENCAST MINERS** at four sites in South Wales—members of the Transport and General Workers' Union—have gone on strike in support of white-collar colleagues who are seeking union recognition. Page 16

● **WORK** on the Isle of Grain power station project may be back to normal by the end of the year, after a decision by 600 men to end a six-month strike. Page 10

● **CRUDE OIL** production in OPEC countries surged to 32.8m. barrels a day last month—the second highest ever—as demand was spurred by a rush to beat any OPEC price rise. Page 4; Feature Page 22

THE CITY

Wilson's team

COMPOSITION of Sir Harold Wilson's commitee to inquire into financial institutions is expected to be announced within the next two weeks or so. A committee of about 12 appears likely to be set up. Back Page

CITY TAKEOVER Panel chairman, Lord Shawcross, backed the idea that financial institutions should set up a single organisation to supervise the City's business operations. Page 6

DUNFORD AND ELLIOT'S £3m. rights issue rescue package has the unanimous support of the Board of Equity Capital for Industry, although some Board members have expressed reservations. Page 6

CBI opposes local tax

● **CBI** has come out strongly against introduction of a local income tax to replace rates as a source of local Government finance. Page 6

● **REFORM** of pay bargaining and industrial relations practices in national newspapers has been proposed by the Advisory Conciliation and Arbitration Service. Back Page

● **SCHWEPPES** hopes to win a big new market for its soft drinks—in Russia. The company is holding talks with the Russians on a plan to set up a drinks factory there. Page 5

FEATURES

ON OTHER PAGES

For latest Share Index phone 01 246 8026

Healey and Lever meet Simon as IMF talks continue

BY ADRIAN HAMILTON AND PETER RIDDELL

Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Harold Lever, Chancellor of the Duchy of Lancaster, yesterday met Mr. William Simon, outgoing U.S. Treasury Secretary, and his senior colleagues as negotiations with the IMF and over the future of the sterling balances gathered pace.

Although the original intention was to discuss the sterling balances only after an IMF loan agreement had been finalised, it is now clear the Treasury is pushing ahead in the hope of being able to announce an international agreement at least in principle as part of the economic statement expected in the middle of December.

This was one of the main topics of yesterday's talks with Mr. Simon. There are now indications that the U.S. Administration is taking a more favourable view on this timing, while the Prime Minister is likely to urge the need for an early solution to the problem at the meeting of EEC leaders which starts in The Hague to-day.

The resolution of the sterling balance issue is obviously directly connected to the present negotiations with the IMF. On the one hand, agreement on the sterling balances depends on a successful outcome to the IMF application.

On the other, a favourable announcement on the balances would ease the pressure on the Government to introduce a "tough" package on grounds of international confidence, over and above the specific requirements of the IMF.

The terms of the package are still the subject of debate between the Government and the IMF and within the Cabinet.

Contrary to its previous practice, the IMF is thought to be taking a close interest in the actual measures under discussion and these in turn have yet to be decided by the Cabinet.

There is little disagreement that a sizeable package will have to be introduced to reduce the public sector borrowing requirement and specifically to meet any targets for domestic credit expansion and the money supply. The question is the form that this package should take and the economic impact it might make.

To date, the work on the measures in the Treasury has increasingly centred on the contribution that cuts in public spending possibly of £1bn. or more, might make in contrast to rises in indirect taxes.

But an alternative view, put forward notably by Mr. Lever and a number of leading economists, is that the adjustment should be concentrated on financial means, such as the introduction of index-linked gilt-edged stock, in order to reduce the PSBR.

This rests on the argument that in the present state of continued recession, any moves to reduce public sector demand for resources or raise indirect taxation will be counter-productive and could create even higher unemployment and a sharper recession.

At a Cabinet meeting last week in which a majority of Ministers expressed concern about the "deflationary" measures being considered, Mr. Healey is believed to have given his colleagues a general assurance that he would go back to the IMF team now in London to test their reaction to a "less deflationary" package.

The Cabinet is due to discuss the subject again on Wednesday and Thursday, and it is not yet clear if Ministers will be satisfied with a more conventional package of expenditure cuts, or will want to change the structure of the measures.

Mr. Alan Whittome and some of his colleagues on the IMF team are remaining in London this week to await the completion of the Cabinet's debate on the letter of application for the loan.

Details of the possible public expenditure cuts now being considered have not been given, though hints from Ministers suggest particular emphasis is being placed this time on transfer payments, such as subsidies to council house tenants, which have grown rapidly in the last few years, rather than on cuts in capital spending which has already been reduced sharply in recent packages.

At a late morning meeting yesterday between Mr. Healey, Mr. Simon and senior officials, and again at a dinner last night, also attended by Mr. Lever, the main subjects are thought to have been the sterling balances and the present state of the British economy. No formal statement was issued after the talks.

Editorial comment, Page 12

Australia launches float with 17.5% devaluation

BY KENNETH RANDALL

CANBERRA, Nov. 28.

AFTER a year-long rearguard action, Australia is bowing to the inevitable and devaluing by 17.5 per cent. from the opening of business to-morrow.

At the same time, there will be a virtual managed float of the Australian dollar and a stringent new package of domestic monetary policies, pointing to a severe credit squeeze by the middle of next year.

In its announcement of the moves to-night, the Government acknowledged that speculative pressure on the Australian dollar had become too strong to resist, despite the increasingly hard-line statements to the contrary in recent weeks.

Mr. Phillip Lynch, the Treasurer, said there had been an increasing loss of international reserves in recent months as international traders and investors "increasingly firmed their assessments that there would be a devaluation, holding back investment in Australia and taking other action to protect their positions."

Reserves have in fact fallen by more than A$1bn. (about £700m.) over the past 12 months and the rate of rundown has been increasing. At the end of last week the reserves were down to A$2.1bn.—equivalent to about three months' imports.

The new exchange rate will be A$1 equals U.S.$1.0174 (£0.62) compared with U.S.$1.2329 previously. The Australian dollar will no longer be maintained at a fixed relationship as it has since September, 1974, with the average of a trade weighted basket of other major currencies.

The basket will be retained as a benchmark, but its relationship to the Australian dollar will be under constant review, with smaller and more frequent parity changes. In effect, said the Treasurer, the Government would be adopting a "flexibly administered rate somewhat along the lines of a managed float."

Effect on U.K. Page 5
Lex Back Page
Behind the devaluation, Page 12

The changed system would permit the use of the exchange rate as a more flexible element among the available arms of economic policy.

The present Government has a general commitment to the establishment of a foreign currency market in Australia and a free floating Australian dollar. But that scheme has no prospect of being launched and certainly none of succeeding until the Australian dollar is restored to stability in the eyes of the international financial community.

The immediate question will be whether to-day's actions are accepted by investors as decisive enough steps in the direction of stability or whether, despite the largest Australian devaluation of recent times, they are still seen as too little, too late.

Some members of the Government parties have recently been arguing for devaluation of the order of 30 per cent. and even 40 per cent. More moderate suggestions from the export-oriented rural and mining industries have been that a 20 per cent. devaluation would not be out of place.

Much will now depend on the success of the Government's economic management through other arms of policy. Devaluation has been resisted, particularly in the past six months, because of its domestic inflationary effects at a time when inflation control had been firmly established as the dominant objective of Government policy.

But there has been only modest success in that direction and practically none at all in instilling the consumer, business and investor confidence necessary to get the economy out of the trough in which it has been stuck for the past year.

As recently as November 7, the Government announced a series of monetary measures designed to make easier the task of holding inflation while financing an expected budget deficit exceeding $A2bn. Bank liquidity was reduced, the rate of new lending was cut and interest rates raised.

With to-day's announcement, there was more of the same.

Continued on Back Page

Tories attack Thatcher pledge

BY PHILIP RAWSTORNE

MRS. MARGARET THATCHER came in for some sharp criticism yesterday from leading members of the Shadow Cabinet for her pledge that a future Tory Government would never introduce a statutory incomes policy.

The Tory leader's statement—made in an apparently unscripted speech at Prestatyn—threatens to re-open the party's divisions on the issue just as it prepares this week for a major attack on the Government's economic and industrial policies in the Commons.

It represents a significant departure from the careful compromise policy set out in the recent party document, The Right Approach, and was made without prior discussion in the Shadow Cabinet.

Though few Tories would relish a return to a compulsory incomes policy there was wide agreement yesterday that Mrs. Thatcher had shown a lack of political judgment in closing the option.

One leading Conservative said: "It's never very sensible in politics to say 'never' about anything — and certainly not about anything concerning economic policy in our present situation."

Another Shadow Cabinet member said: "It was unwise. It is bound to annoy some of our backbenchers and could put us in a very awkward political spot."

Mr. Denis Healey, Chancellor of the Exchequer, is expected to seize gratefully on the issue to-morrow for help in fighting off the Tory motion of "no confidence" in the Government's economic policies.

The Tory leader's pledge may also lose the Conservatives some support in the lobbies from the Opposition minority parties.

To-night the Government, with an effective overall majority of two, faces a combined Opposition attack on its industrial programme under an umbrella Tory motion criticising its lack of measures "to inspire industrial and commercial confidence and sustain employment."

The Tory attack will be led by Mr. John Biffen, making his first major front bench speech as Tory spokesman on industry.

He is expected to bring a cooler, analytical approach to the issue, reflecting an attitude much closer than before to the CBI's view of the industrial problem and the measures needed.

The Government will face more hard-pressed votes in the Commons on Wednesday, when the Bill to nationalise the aircraft and shipbuilding industries is re-introduced.

Apart from the vote on its second reading, there will be challenges on the procedural motions to curtail the Commons debate on the legislation and moves from the Conservative backbenches to seek a ruling that the Bill is "hybrid"—treats similar companies differently—and should therefore be subjected to special and lengthy examination.

Ministers contemplate these Opposition tactics with some equanimity, but are apprehensive about the reactions that will greet publication to-morrow of the Government's devolution Bill.

With an opinion poll conducted by the Scottish Daily Record newspaper to-day showing 44 per cent. in favour of the country's independence and 40 per cent. supporting the Government's proposals for an Assembly, the reaction of the Scottish National Party will be of prime importance to the Government.

Steel rise likely next year

BY OUR INDUSTRIAL STAFF

THE British Steel Corporation will almost certainly have to raise the price of a number of its steel products early next year if it is to meet its target of making a profit over the current financial year.

The corporation, which is already considering a rise of about 10 per cent. in its stainless steel products in January, had hoped to keep prices stable for six months after its last major round of increases in October.

Since then, however, it has been affected by sluggish demand growth, rising raw material costs and, most recently, the threat of a substantial rise in coal prices.

Damage

Reports of a possible 15 per cent. increase in coal had induced the corporation to state publicly the damage that this could do to its costs.

The corporation uses around 13m. tons of coking coal alone and its annual coal bill is in excess of £300m. A 15 per cent. rise in costs could thus add some £60m. over a full year, it stated yesterday, and, if introduced early in the new year, could dash completely its hopes for a return to profit.

The corporation has already reported a loss of £43m. for the first half-year from April to September and is only just beginning to break even now.

Its major difficulty in seeking to recoup its position in the market place is the continuation of poor demand throughout the main consuming areas of the world.

Although production has shown a modest rise in recent months, final demand is still predicted to move up slowly if at all during the winter, and world steel companies are fighting fiercely to retain market share.

Carefully

In these circumstances, the corporation is having to consider the imposition of new rises carefully before making a move.

A stainless steel price rise is now considered possible. But rises on the bulk products, such as strip mill output, still looks highly problematic.

On the occasion of its last increase, covering some two-thirds of its total output, it had assured customers of its intention of holding prices for at least six months, so long as there were no major increases in raw material costs.

This proviso has clearly become more important in view of the decline in sterling and the threatened coal rise.

New steel mill Page 6

Turkey quake victims face death in snow

BY METIN MUNIR

ANKARA, Nov. 28.

Driving snow and sub-zero temperatures to-night threatened an estimated 250,000 homeless victims of last Wednesday's earthquake in eastern Turkey in which more than 3,000 people died. Rapidly worsening weather conditions intermittently closed the airport at Van, capital of the eastern province. Government officials have seized all private vehicles and imposed compulsory relief work on all able-bodied men.

Emerging from a meeting with the Minister of Defence and the commander of Turkey's third army, Mr. Ahmet Totsun, governor of Van, said: "We consider the snowfall as disastrous as the earthquake." A major effort is now under way to try to keep foreign aid flowing to the area. One plan under consideration by the Turkish Cabinet is to move the destitute population to warmer parts of the country before even harsher winter conditions set in, almost certainly claiming many more lives.

Mr. Suleiman Demirel, the Turkish Prime Minister, who visited the disaster area on Saturday, said the survivors could not spend the winter in tents. According to Mr. Demirel, 3,024 bodies have been recovered but local officials now believe the death toll will reach and possibly exceed 6,000. Fve days after the earthquake, the strongest in Turkey for 37 years, the extent of the devastation is becoming clear. Four towns and 130 villages have been destroyed almost totally.

Just a rubble heap

BY A SPECIAL CORRESPONDENT

MURADIYE, Turkey, Nov. 28.

THE WORD was that 95 per cent. of Muradiye had been flattened. At first sight, it was difficult to believe. There were enough modern buildings standing, albeit damaged.

Then you realised that the piles of rock all around were not just part of the barren landscape. They were the remains of houses. Those which had often sheltered three families at a time were now just a heap of rubble.

Huddled in small groups around the ruins were the survivors. The lucky ones had been allocated army tents. Stoves from the ruins were installed in the tents, and in an effort to keep out the water from the lake, people piled their furniture on the tent flaps to act as an anchor to the canvas.

The survivors seemed to be still stunned, but there were no tears. Some of the men carried on digging for relatives, three days after the earthquake. One man had lost five children and was still searching.

The Turkish Red Crescent had set up its headquarters on the edge of Muradiye in a family-size caravan. Lined up outside were the bodies of 20 of the dead covered in straw. They were guarded by Turkish soldiers carrying rifles.

Thundering by on the main road into Muradiye were jeeps, trucks and vans bringing supplies. Going the other way were overloaded taxis, tractors towing haycarts loaded with furniture—and people on their way out of the danger area. Further tremors were feared, and on Saturday afternoon they came.

A convoy of oxcarts was being formed below the two-storey local authority administrative block, which was still standing. The chimney stack had crumbled onto the corrugated iron roof. The walls showed cracks along the lines of the floors and up and down the main supports.

Three oxcarts moved off into the open country with a family's worldly possessions. A small boy brought the food—a live chicken held upside down by its legs.

This pathetic convoy plodded on past the ruins, past the first aid station, past the bodies at the edge of the township and onto the stony road, where the trucks, ambulances and jeeps pounded their way across the plateau more than 5,000 ft. above sea level.

As the digging went on, the man with the shovel was hoping to reach the 10 members of his family buried beneath his crumbled house. In the remains of his lounge there was a wall calendar. The picture was a map of Cyprus.

How many people were under the ruins? About 3,000, said an Army officer. In the township or the whole area? It wasn't clear. The figures varied widely.

The official ones were compiled by the authorities from

Continued on Back Page

LOMBARD

Waking up the private sector

BY GEOFFREY OWEN

THE Bank of England's continuing campaign to wake up the private sector and break down the barriers between industry and the City moved into new and on the face of it not very promising territory last week. Mr. Pat Koppel, a recently retired director of Courtaulds, is to set up within the Bank what might almost be called a mini-IRC for the clothing industry. The thought is that here is an important industry which is losing out to imports, the Government has tried to help with an Industry Act scheme which has largely failed, and it is time the private sector had a go.

Mr. Koppel's task will be to search out the potential "leaders" and encourage them to expand faster, sometimes by helping them to acquire other companies, sometimes by making available new sources of finance. One such source might be Equity Capital for Industry, itself created partly in response to an initiative by the Bank of England.

There appears to be no precedent for the Bank becoming directly concerned with the affairs of an individual industry, and the move reflects the determination of Sir Henry Benson, who became industrial adviser to the Bank last year, to get City institutions more actively involved in tackling industry's problems. Clothing is a tricky sector in which to start an experiment of this kind. No one doubts the scope for improving the industry's performance, but most of the firms are small and have to stay small, because of changes in fashion and the flexibility which the trade requires. Many of them are run by entrepreneurs who like their independence and distrust the City. Mr. Koppel's first task will be to win their confidence.

Refreshing

It is easy to be cynical about the idea, just as it was about plans for the Equity Bank. But it makes a refreshing change from the apathy which City institutions have shown over the years in the face of steady encroachment by the Government. It is true that Equity Capital for Industry has not had the most auspicious of starts with Dunford and Elliott. Although the evidence is unclear there appears to have been some arm-twisting behind the scenes to "save" Dunford from falling into the clutches of the National Enterprise Board: the unexpected bid from Johnson and Firth Brown made a confused situation even more embarrassing.

This, one hopes, will soon be sorted out. If ECI moves fast, it may yet establish itself as an effective rival for the National Enterprise Board. In recent months the NEB has negotiated a number of equity/loan packages for small and medium sized companies—including Reed and Smith, Twinlock, and Sinclair Radionics—which cannot be regarded as lame ducks in the normal sense of the term. There is no reason in principle why some of these companies could not have obtained funds from the private sector, though one or two of them may actually have preferred the NEB. There is a job here for ECI.

Opportunist

It is no bad thing that there should be some rivalry between the NEB and ECI. The NEB is mostly staffed from the private sector and it seems to be taking the same opportunist approach to new investments as a City institution might do; it has to pay some regard to what is "important" in the national context, but it is showing no great keenness to acquire majority control in the companies which it supports. Even if the NEB disappeared after the next election, at least in its venture-capitalist role (as opposed to its holding company role for British Leyland et al.), it may have served a useful purpose in galvanising the private sector into action.

The City cannot, of course, compete with the soft loans offered by the Department of Industry under Section 8 of the 1972 Industry Act. The Department, not the NEB, has become the principal rescue agency for lame ducks: it seems curiously reluctant to make use of Section 3 of the 1975 Industry Act, whereby the Secretary of State can direct the NEB to undertake a rescue operation and reimburse it for its involvement. But what City institutions can do—and this is where the Bank of England still has a major task of persuasion on its hands—is to use their influence as shareholders to prevent companies becoming lame ducks.

It is not too late, and there are some signs that the institutions are at last beginning to use their muscle. To do so will be embarrassing and even risky; some bad mistakes will probably be made. But the alternative is to let the private sector contract even further.

THE WEEK IN THE COURTS

Luxembourg rules

BY JUSTINIAN

DEPORTATION OF aliens is a social problem of great current topicality. If the alien is not from a Common Market country, the powers of the Executive are considerable, particularly where the reason for deporting is that the alien's presence is not conducive to the public good, to use the Immigration Act's expansive phrase.

Those who come from an EEC country to work in Britain cannot be so readily returned whence they came. The Rome Treaty specifically provides for freedom of movement within the Community, and implies a right of the EEC national to accept offers of employment. Once employed, he may stay in the member-state for that purpose and remain after having been employed.

The freedom is not free from qualification. It does not apply to employment in the public service; and it is subject to restrictions on the ground of public policy, public safety or security, and public health.

Guidance?

One of the thorny legal issues that arises is the meaning to be attached to the phrase "public policy." Does the phrase include reasons of State, even where no breach of the public peace or order is threatened; or should it be interpreted in a narrow sense, reflecting the notion of some threatened breach of the peace, order and good government of the member-state?

The absence of any clear guidance as yet from the courts led a metropolitan stipendiary magistrate, Mr. St. John Harmsworth, recently to refer a case before him to the European Court of Justice at Luxembourg for a preliminary ruling on this and other interpretations of the Rome Treaty.

In June of this year Roger Bouchereau, a French national who had been working in Britain since 1974 as a mechanic, was convicted at Marlborough Street magistrates' court of two offences of possessing dangerous drugs. The magistrate adjourned the question of sentencing pending the service on Mr. Bouchereau of a notice by the Home Office seeking a recommendation from the court that he should be deported back to France. At that point Mr. Bouchereau's counsel objected that any such recommendation would be contrary to the provisions of the Rome Treaty.

The uninitiated might quite properly think that an EEC worker who commits crime ought to be a prime candidate for deportation, on the grounds that his right to work here is forfeited as being a matter relating to public policy.

But the EEC directives issued under the Treaty provide that the ground of public policy must relate to the personal conduct of the migrant worker, and that previous criminal convictions (presumably including the conviction immediately preceding the deportation) "in themselves" are not grounds for invoking the public policy justification.

Do those words in the EEC directive mean that criminal convictions are solely relevant in so far as they manifest a present or future danger that the migrant worker will act in a manner contrary to public policy? Or is the seriousness or gravity of the conduct that led to the criminal conviction in itself a ground, irrespective of the potential danger?

It was because there is considerable doubt about the right interpretation that the magistrate thought he needed guidance from the European Court; and, as he was entitled to do, he made the reference.

It will be the first British criminal case to go to the Court at Luxembourg, and the first time a court as lowly as a magistrates' court has made a reference.

One can imagine some raised eyebrows in Whitehall that anyone other than a High Court judge or a more superior member of the judiciary should take upon himself to refer a question to Europe. But once the reference is made no one can stop the Continental forensic ball rolling.

Quite apart from the intriguing constitutional issues involved in the reference, another important problem arises. Mr. Bouchereau was legally aided before the magistrate. Is the legal aid scheme available for people whose cases in the British courts are interrupted while they go to the European Court on a point of interpretation?

Here the authorities have been caught napping. No regulations have been framed dealing with references from magistrate's courts, no doubt because it was not thought that a magistrate would ever be so bold as to even entertain an application for a reference. If and when the problem should arise in the higher courts, that would be time enough for a reference to Luxembourg.

If the legal aid authorities here cannot help Mr. Bouchereau to go to Luxembourg, does the European Court have any legal aid scheme? It appears it does, but only if none is available in the member-state. Even then, the provisions are for one legal representative. One can imagine there may be a demarcation dispute on the horizon or whether that will mean a solicitor or a barrister.

On the topic of the application for legal aid to cases before the European Court, the High Court will be asked this week to say whether the magistrate was right in saying that he had no jurisdiction to grant legal aid for the trip to Luxembourg, although the magistrate declared himself forthrightly in saying that, had he the power, he would certainly have exercised it in favour of granting legal aid.

If the legal world is agog with interest at an insignificant case in the courts of summary jurisdiction finding itself elevated on to the European constitutional stage, public administrators and employers of European labour will be just as keen to learn about the limits of the rights of their foreign workers to remain here even if they offend the laws of the land.

More private hospitals on way

MORE THAN 100 new private hospitals are in the planning or development stage in Britain, according to figures held by the Independent Hospital Group.

Many of these are just ideas on paper. But the group, which represents nearly all the 120 private hospitals and nursing homes in Britain, said yesterday that, outside London, nearly 40 have reached at least the drawing board stage with money being spent on them while seven are actually being built or have almost completed their funding appeals.

Within Greater London, seven private hospitals are on the drawing board, one 138-bed luxury unit is being built, and two more extended.

Notts Liberals pick fruiterer

Mr. Hampton Flint has been adopted by the Liberals to fight the Ashfield division of Nottinghamshire at next year's by-election.

The poll arises from the resignation of the Labour MP, Mr. David Marquand, who is to join Mr. Roy Jenkins at the EEC headquarters in Brussels.

Mr. Flint, a 50-year-old fruiterer and stamp dealer, has been national president of the Market Traders' Federation, and fought the division in 1974.

Save children's ward, says MP

MR. MARCUS LIPTON, Labour MP for Central Lambeth, is to protest in Parliament about a plan to close a children's ward at St. Bartholomew's Hospital, London, at week-ends because of cuts in National Health Service spending.

Mr. Lipton is tabling a Commons question to Mr. David Ennals, Social Services Secretary asking whether he has approved cuts which necessitate this closure, "thus involving serious risks to the children concerned."

SPORT

RUGBY

Lancashire end effrontery

BY PETER ROBBINS

AFTER AN enthralling struggle, Lancashire finally beat Yorkshire at Otley 20-13 and now meet Gloucestershire in the semi-finals of the county championship. A large and vocal crowd relished the occasion and the game was a great credit to the players and their coaches.

Yorkshire had the misfortune to lose Peacock from the second row and Hryschko their hooker at half-time and, although Billington could adequately replace Hryschko, Wright, a scrum-half, had to play at wing-forward.

This upset what had been Yorkshire's strongest point—the energetic collaboration between Donovan, Dowson and Davenport. These three, but in particular Donovan, pillaged the loose ball in the early phases, and induced error from Gullick, Briers and Carfoot.

In theory the game was the Yorkshire backs against Lancashire's pack, but Lancashire only subdued Yorkshire up front at sporadic moments. Nevertheless these moments were fully exploited by Lancashire.

Yorkshire, with Dowson, Donovan and Aspey working fanatically, were always trying to run the ball and it was Caplan, their full-back, who became the focal point of their three-quarter play thanks to some splendid passing from McGeechan. When Caplan went right towards Squires, Lancashire were fully stretched. It took some good tackling from Connor to keep them out.

Old provided plenty of chances and has found a new confidence in his running. Unfortunately, when the ball went left to Wakefield's Bennett, the move floundered through lack of pace. Conversely when Lancashire recovered and moved into attack, both he and Squires were extremely willing in defence.

Lancashire recovered from Yorkshire's early effrontery and, goaded by Creed, retaliated, finally establishing some rapport between Carfoot and Bennetts, the hooker from Vale of Lune. Briers also began to hold a higher percentage of passes, but Lancashire's recovery was centered largely on the activities of Beaumont and Cotton.

Whereas Creed had, oddly enough, won the Yorkshire throw in fairly consistently, Lancashire themselves began to throw long for Connor to palm down to Beaumont. Three times he took the ball and set off like a rogue elephant crashing through the Yorkshire undergrowth. Cotton was at his side to pull the Yorkshire defence in and then squeeze the ball back to Carfoot.

This superiority at the maul was invaluable, because when Yorkshire did get into the Lancashire 25 (22 metres in modern terms) they were able to the ball back for Horton to in his prodigious, relie kicks. So Yorkshire had to all over again. Kicking was one skill in which Horton superior to Old.

Lyon and Christopherson, Lancashire centres, were quite in harmony, but they at least in defence. Gullic covered from his uncomfor start, but is patently slowe attack these days.

After Gullick had Lancashire the lead wit penalty after seven mir Yorkshire riposted at once a dazzling try by Caplan great support from Don Old made it 7—3 to York with a penalty, but Lanca nosed ahead as Briers s from a delicate kick from with Gullick converting.

Soon after the restart L shire brought off the tex peel which finally gave Bri second try. Old kicked a pe then and Yorkshire swa back menacingly, but Lancashire got down to shire's 25 Horton dropped a

When Old kicked a pe Yorkshire were only three adrift, but on the stroke of Beaumont set the seal splendid personal perfor by going over for a try s for him by Creed.

Welsh teams lack cohesion

THE THREE Welsh selectors watching the visit of Anglo-Welsh merit table leaders, Newport, to the unofficial London leaders, London Welsh, were hardly treated to top-of-the-table fare when Welsh went down by 10 points to 20 at old Deer Park, Richmond.

The game was carred by not only a serise of injuries, but also an inability on either side to put together a cohesive flowing game.

Newport were hit hard in the first minute of the match when scrum half Archie Davies was buried under the Welsh pack when fielding a high kick ahead. He was carried off, his right leg broken in two places, for his trouble.

Stand-off Rogers moved up to scrum-half with centre Evans outside him and replacement Brown in at centre.

Newport held on well during this unsettling period despite a fifth minute penalty kicked for Welsh by full-back Robinson.

Their pack was beginning to establish the dominance it would hold throughout the game, giving Newport copious possession and forcing London Welsh to rely on the counter-attack.

The visitors won more than their fare share from the line-out, were faster and stronger in the ruck and maul, and took the tightheads by 5—1.

Their back row was the pivot on which everything was worked, though Squire, Wales "B" No. 8 and aspirant to the full Welsh place made vacant by Mervyn Davies, was far too keen to play scrum half off the back of the set piece. The Welsh were not slow to catch on, and he repeatedly ran into severe trouble.

Tackling

Tackling on both sides was generally of a high standard, though Burcher, the Newport centre and captain, spoiled his tally of two tries by a high tackle on Welsh wing Ellis-Jones, which led to the second.

It was Ellis-Jones who scored the single Welsh try after prop Adam had fed from a line-out along the three-quarters winger, who broke two tack touch down in the corner.

For the rest, Welsh ful Robinson added another pe and for Newport Brown fine try with full-back converting one try and two penalties.

Newport were always of a Welsh pack that trouble in the front row an often pushed backwards. eventually moved loos prop Banfield to the bac when flanker Warlow we injured, and replacement came in to take up the ba the last few minutes of the

Behind them, scrum Lamden was given a hard which led to fumbles and takes which Newport were and eager to use to adva

Welsh will want to forg dour defeat, their seventh past eight games, a st contrast with Newport, wh lost only once this seas Pontypool in September.

STUART ALEXAN

SOCCER

Norwich and Villa in ruthless clash

BY JAMES FRENCH

NORWICH and Aston Villa produced 90 minutes of high-speed gas in their 1-1 draw on Saturday, but not much obedience. I say not much because, although Mr. John Bond, Norwich's manager, indicated that he deplored the hectic and ruthless nature of the game, I have a suspicion that Villa's Mr. Ron Saunders was not displeased with the way his side closed up—I believe that is the correct euphemism—the game in the last half-hour.

There was plenty of action—quite a lot of it outside the rules—but Mr. Darryl Reeves (Uxbridge) controlled it well, courting disfavour by booking two Norwich men to one Villa man. All the bookings were amply justified, following heavy contact imposed to halt opponents by illegal methods, although Villa were the more frequent foulers.

Norwich are fighting to establish themselves in the First Division, and now lie 17th, looking vulnerable to any form improvement from Derby, Bristol City, Tottenham, Sunderland and West Ham, three of whom won on Saturday.

Osgood, that wayward genius on loan to Norwich from Southampton, made several useful contributions. He was one player ready to halt the helter skelter and seek to impose some sense of direction. But, although his work embroidered some of the few semblances of attractive attacking moves, he was not able to instil the real sense of purpose that Norwich needed. They buzzed around Villa's goal for quite a time and their 32-minute goal was definitely overdue. Villa drew level three minutes later, and Norwich went off the boil.

Aston Villa tantalised with flashes from a showcase of skill—the clever dashes and interlocking of Gray and Little caught the eye, as did the purposeful forays of full-back Gidman—but too often they concentrated on the physical and destructive.

Villa are fourth in the League, and I forecast that they w hold that position, be that they lack sufficient c ment to attack away from However, they do not se lack the ruggedness that a requisite for a success in the Cup, in which they a tradition of success.

Osgood, battling on the managed a neat turn and pass to Paddon, who cur perceptive ball across go Boyer to tap in (32 mi Norwich failed complete clear a Villa assault launch a free-kick, and Gidman still in Norwich's penalty to clip a fine pass for Li thump a 20-yard shot cl Keelan (35 minutes).

A fair result, with two ta players scoring the goals fellows, would it not be to be able to forget abo points — and manager's —and just go out and real game of football? believe there is a big waiting for it, somewhere

RACING

Some likely winne

BY DOMINIC WIGAN

WITH THE season now getting into full swing and both established performers and well-regarded newcomers beginning to show their paces, now is probably a good time to try to pick a few horses more than likely to repay support over the coming months.

I have alphabetically listed below the first five from a group of ten who could well fall into this category. The rest will follow to-morrow.

Ambremont three-year-old (Pat Taylor). A strong son of the Prix de l'Arc de Triomphe winner, Bon Mot II, this bay gelding has taken well to hurdling, with encouraging displays coming from each of his runs. If, as anticipated, he can improve a few pounds on his recent fourth placed effort behind Levaramoss in Kempton's Spring Hurdle, Ambremont will soon be paying his way.

Cabroly, three-year-old (Mick Easterby). Backed down to evens in a field of 24 on his hurdling debut at Wetherby just over a fortnight ago, this Luthier gelding looked all over the winner when eased into a challenging position by Jonjo O'Neill approaching the penultimate flight. However, lack of condition then told quickly against him and he faded right out of contention. Sure to be all the better for that run, Cabroly could well notch up a winning sequence.

Cartwright, seven-year-old (Stan Mellor). This ex-New Zealand gelding has taken some time to adjust to English fences, but he is now beginning to show why he is so highly rated by his trainer, and successes in good class company will probably come his way.

D'Oscot Park, five-y (David Morley). Another ing novice, this inmate of Marley's in-form Bury Edmunds stable has just to get the hang of the obstacles following an picious start to his new Provided that he is not tri highly initially, he should than earn his keep.

Isle of Man, nine-y (Fulke Walwyn). A very 'chaser last season, the Mother's Manicou geldin shown himself to be a mu proved animal this term remarkable displays on bo outings. A six length win Sandown on his seasonal where he won with any a in hand, Isle of Man follow by just getting the bett Spanish Tan in the Buckin shire 'Chase at Windsor this month after nearly bl ing away his chance with mistake at the third from A race such as the National two-mile champion 'chase well prove within his comp

WOLVERHAMPTON
1.45—Escapologist***
2.15—Corrieghoil
2.45—Royal Thrust

WINDSOR
2.00—Mickey Mouse**
3.00—Boom Boom*

This week in Parliament

COMMONS—

To-day: Resumed debate on Queen's Speech (Industry and Employment).

To-morrow: Debate on Queen's Speech (Economic Affairs).

Wednesday: Aircraft and Shipbuilding Industries Bill, Second Reading. Debate on EEC Documents on Agricultural Products.

Wednesday: Debate on the Address (Defence and Foreign Affairs).

Thursday: Farm Amalgamation and Farm Structure Schemes. Debates on European Export Bank and on measuring liquids other than water. Debates on firearms fees.

Friday: Fishery Limits Bill, Second Reading.

LORDS—

To-morrow: Debate on the Address, Economic and Home Affairs.

SELECT COMMITTEES (meeting in public)—

Monday: Expenditure (Education, Arts and Home Office sub-committee) — Attainments of the school leaver. Procedure—Public Bill procedure. Expenditure (General sub-committee)—Developmen the Civil Service sinc Fulton Report.

Tuesday: Expenditure (and Industry sub-committ The Fishing Industry. N alised Industries (sul mittee A)—British Rail.

Wednesday: Expenditure (and Industry sub-committ The Fishing Industry. E diture (Environment sul mittee)—Planning Proce Nationalised Industries committee C) — Hors Totalisator Board. Eur Secondary Legislation—l ling of Foodstuffs.

TV/Radio

† Indicates programme in black and white

BBC 1

9.38 a.m. For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Chigley. 2.01 For Schools, Colleges. 3.00 Anno Domini. 3.53 Regional News (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.10 Go—U.S.A.
5.40 News.
5.55 Nationwide including Pigeonhole and postbag.
6.50 Some Mothers Do 'Ave 'Em.
7.20 Angels.
8.10 Panorama.
9.00 News.
9.25 Monday Film: "The Thomas Crown Affair," starring Steve McQueen and Fay Dunaway.
11.05 To-night including News Headlines: The Kennedy Interview.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Pili Pala. 5.55 Wales To-day. 6.50-7.20 Heddiw. 11.45 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.05-11.40 Public Account. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55 Scene Around Six. 6.20-6.50 Festival Fortnight at Belfast. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Nationwide (London); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Look East (Norwich); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

BBC 2

11.00 a.m. Play School.
3.00 p.m. The Caterers.
3.30 Politics Now.
7.00 News On 2 Headlines with sub-titles for the hard-of-hearing.
7.05 Knitting Fashion.
7.30 Newsday.
8.10 Dave Allen At Large.
9.00 I, Claudius.
9.50 Horizon.
10.40 Poems and Pints.
11.10 Late News On 2.
11.20-11.25 Closedown: Jill Balcon reads "Emily Bronte," by C. Day Lewis.

LONDON

9.30 a.m. For Schools. 10.35 Hammy Hamster's Adventures on the Riverbank. 11.00 For Schools (continued). 12.00 Chorlton and the Wheelies. 12.10 p.m. Hickory House. 12.30 Musical Triangles. 1.00 News plus weather and Financial Times index. 1.20 To-day's Post with Allan Hargreaves. 1.30 The Cedar Tree. 2.00 Good Afternoon. 2.25 Monday Matinee: "Murder at the Gallop," starring Margaret Rutherford. 3.50 Emmerdale Farm. 4.20 Clapperboard. 4.45 Pauline's Quirkes. 5.15 Batman.
5.45 News.
6.00 To-day.
6.45 Opportunity Knocks!
7.30 Coronation Street.
8.00 Yanks Go Home.
8.30 World In Action.
9.00 The Sweeney.
10.00 News.
10.30 Sez Les.
11.00 Musical Triangles.
11.30 People and Politics.
12.25 p.m. Close: Julian Battersby reads from the letters of Vincent Van Gogh.

All ITV Regions as London except at the following times:—

ANGLIA
[illegible]

ATV MIDLANDS
[illegible]

BORDER
[illegible]

CHANNEL
[illegible]

GRAMPIAN
[illegible]

GRANADA
[illegible]

HTV
[illegible] "My Darling Daughter's Anniversary" starring Raymond Massey. 5.15 The Muppet Show. 6.00 Report West. 6.22 Report Wales. †10.35 Hitchcock: "Notorious" starring Cary Grant and Ingrid Bergman. [illegible]

SOUTHERN
[illegible]

SCOTTISH
[illegible]

TYNE TEES
[illegible]

ULSTER
[illegible]

WESTWARD
[illegible]

YORKSHIRE
[illegible]

RADIO 1 247m
(S) Stereophonic broadcast
6.00 a.m. As Radio 2. [illegible] Edmonds. [illegible] Burnett [illegible] 2.02 David [illegible] 4.30 It's D[illegible] John Dunn [illegible] John Peel [illegible] 12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF
6.00 a.m. [illegible] O'Byrne [illegible] Thought. [illegible] 8.27 Racing [illegible] Thought. [illegible] Open House [illegible] goners' W[illegible] 1.50 p.m. [illegible] ing (VHF) [illegible] Radio 1. [illegible] (also 202m) [illegible] Desk. 4.30 [illegible] Desk. 4.45 [illegible] Sports Desk [illegible] Score. 7.30 [illegible] Band Days [illegible] 9.02 Humph[illegible] of Jazz [illegible] Desk. 10.[illegible] Meech with [illegible] also 202m [illegible] 12.00-12.05 [illegible]

RADIO 3 464m, Stereo & VHF
6.55 a.m. [illegible] Overture [illegible] Concert (S) [illegible] Composer: [illegible] Talking A[illegible] Recital (S) [illegible] concert (S) [illegible] Beethoven. [illegible] 1.05 BBC [illegible]

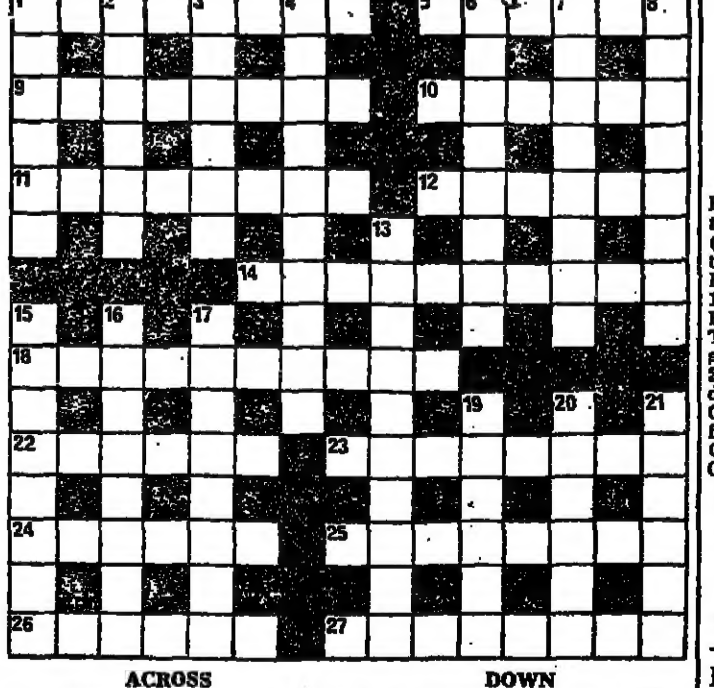
RADIO 4 434m, 330m, 285m and VHF
[illegible]

BBC Radio London 206m and 94.9 VHF
[illegible]

London Broadcasting 261m and 97.3 VHF
[illegible]

Capital Radio 194m and 95.8 VHF
[illegible]

F.T. CROSSWORD PUZZLE No. 3,246



ACROSS

1 Withdraws sappers round the area (8)
5 Talisman for a thousand going to the racecourse (6)
9 Midshipman not found in pens (8)
10 Business makes me row (6)
11 This poem can be the very devil (8)
12 Blow the French pair (6)
14 Solve the problem like Alexander (3, 3, 4)
18 Ironical cheers for the RAC in the borough (10)
22 Leaves nothing inside for this game (6)
23 Get with the Mediterranean island for what is specific (8)
24 Is round the English port with standards of perfection (6)
25 Acknowledging the universal debt (8)
26 The enemy's possibly servile supporters (6)
27 He may be all in after the bout, or even before it (8)

DOWN

1 A summary start again (6)
2 Left up the river—it is too much for the musician (6)
3 "Whoever wishes to —— an English style . . . must give his days and nights to the volumes of Addison" (Johnson) (6)
4 Actor and his baggage as left by a feller (4-6)
6 One means of arranging flowers (8)
7 The short game of banter (8)
8 Anguishes for people in the midst of wrongs (8)
13 A school has to tackle what a pupil wears (4, 6)
15 The Royal Artillery claim omnipresence, if their motto means anything (8)
16 Soldiers who sound like members of Equity (8)
17 Dough includes the bad sweetmeat (8)
19 Shovels for those who get the story first (6)
20 "Hence with —— vain and coy excuse" (Milton) (6)
21 Poor fellow, he has no choice (6)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا من الأصل

ia Hall, Belfast

Virginia

by ELIZABETH FORBES

Belfast Queen's Uni- Festival came to a ding and triumphant ion on Saturday night concert performance by Rara of Mercadante's ia, the work's U.K. pre- During the previous fort- a full and varied pro- e of classical music, jazz, film and other entertain- ncluded recitals by John d Loudon Wainwright III, s by the New Vienna the Philadelphia Quartet aturally the Ulster Orches- io also played in *Virginia*. 30,000 tickets—top price re sold, and the Festival im to be truly popular; in n it has the unique distinc- ending up financially in ick.

nia, first performed at the arlo, Naples, in 1866, was st of Mercadante's operas staged during the com- life time. Written 15 previously, the work ran trouble with the strict itan censorship. Thetext, mmarano, librettist of so Donizetti and Verdi suc- is based on a tragedy by in its turn derived from account of Appius us and his manipulation Council of Ten for his nefit. Appio (tenor) loves a (soprano); when she his suit he has her ed Icilio (tenor) red, and denounces a as the daughter of a elonging to his henchman (bass). To vindicate his d his daughter's honour, a's father Virginio (bari- stabs her to the heart.

an subjects, as Opera Rara strated last year with *Gli ed i Curiazi*, apparently d Mercadante to compose st original and dramatic The score of *Virginia* lly stand comparison with rlier and more famous and in some respects sur- it. The trio for soprano o tenors that ends Act 1; ritone aria at the begin- Act 2 and the beautiful luet (for Virginia and that follows it; above all the extended finales to the second and third acts, are memorable for their melodic invention, dramatic suitability and sheer rhythmic vigour. The scoring, too, especially for the woodwind, is often masterly, while Mercadante's vocal writing pays admirable attention to characterisation.

Janet Price, who has breathed life into many a forgotten 19th century operatic heroine, was in her element as Virginia. Apart from the duet with Icilio already mentioned, Virginia is in a perpetual state of distress, but Miss Price found brilliance and variety in her music without in any way stepping out of character, and was particularly moving in the third act scene with Virginio. Christian du Plessis as Virginio also sang and phrased most convincingly in this scene, which had more than a little of the powerful impact typical of Verdi's father/daughter duets. Bonaventura Bottone as Appio and Maurice Arthur as Icilio were well-contrasted vocally, the former bright-toned with an Italianate ring to the voice the latter softer-grained in timbre; both shaped the musical line firmly.

James Judd, who was much praised for his conducting of Verdi's *Giovanna d'Arco* at Wexford last month, confirmed the good impression he had made then. He extracted the last ounce of expressive response from the dependable Ulster Orchestra, finding the few points of quiet and tranquility in a preponderantly loud and agitated score, and, again as at Wexford, firing the cabalettas in the arias (and the strettas to the finales) with irresistible rhythmic élan. The Chorus of the Northern Ireland Opera Trust, though not large in numbers, sang strongly, while John Tomlinson, (Marco), Hilary Western (Tullia) and Alan Woodrow (Valerio), completed the excellent cast assembled by Patric Schmid, to whom, as musical director of Opera Rara, is owed the chief credit for the rediscovery of a most interesting opera.

ost Free

The Swing

by MICHAEL COVENEY

second part of Edward lunchtime American bill only far superior to the is as good as anything aywright has written so laying for 90 minutes, the is declared in the open- eech of Paul, the black oy: in 1911, in Livermore, ky, a black man charged urder was shot to pieces audience in the local The play then impro- he background to the inci- providing a surprise twist as an innocent white boy d gagged on the sacrificial The swing, festooned in flowers, has previously ccupied by a clapped-out vaudevillian, a superan- Jeannette MacDonald iting what remains of her ty in front of the baying ers.

actress has a spinsterish er who is to be married the feckless son of the isinessman with plans for ll town. In one brilliant, cene, Greta tutors young in the second book of neid, lacing her quaint of the burning of Troy oud references to the fob attached to her dress. unbuttoning her top, she out and fondles one of easts. Panic and guilt set in as Paul knocks door with an oil lamp. ust understand our lives t as if we didn't." Ilona aite, in a stunning performance, catches exactly the measure of Bond's black irony and bleak understanding.

The picture of small town hypocrisy is illuminated by this scene and the rest follows in Glyn Owen's forthright but overweighted playing of the pioneer hustler. After turning righteously on the attendant Paul and reading a rape attack into Greta's subsequent hysteria, the young white electrician who has befriended Paul is dragged on to the stage and submitted, along with the audience, to a terrifying humiliation. But the audience is also cast as persecutor, our presence and silent accessory role elaborated on a noisy soundtrack. A small, painted clown (Henry Woolf) teases the boy with a toy gun before a volley of gunfire bursts forth and the victim, his body drenched in blood, hangs upside down from the swing. Paul throws the stagehands a dime and saunters casually from the theatre as they squabble among themselves.

Apart from Miss Linthwaite, there are good performances by Don Warrington as the dignified Paul and Roddie Smith as the exuberant, victimised electrician. Kevin Elyot is fine as the son, sweating anxiously at Greta's advances and echoing his father's spiteful racialism in the later scenes. But Jack Emery's production is unevenly cast and there are too many lost opportunities.

ival Hall

oyal Choral Society

Friday the Royal Choral and the New Philhar- Orchestra revived Herbert s' *Hymnus Paradisi* (1935, rformed 1950), a Requiem hich psalms have been The performance, con- by Meredith Davies, with y Palmer and Gerald n the soloists, was slack— tably voiced by the large but with hardly a single nt of lyrical sheen on the or sweep in the line. The tral playing seemed so ve on its own, and imper- meshed with the singers, that what on paper looks to be a neatly organised and finely heard calculation in the blend of timbres was apt to emerge as blur.

This was probably a crucial disability, and any such first encounter with the piece—this was mine—will be no more than a partial revelation. As it is, it seemed a somewhat faceless work, never facile but equally never really distinctive in its invention. The appeal of its rounded modal curves in the long choral lines is reassuringly mild, excellent in craft (the blending of the solo voices into and above the double choruses shows unobtrusive yet particular care—but mildness is, in the end, all there seems to be. The single note of tasteful reflectiveness of music produced out of such painful personal circumstances (the composition was prompted by the untimely death of the composer's son) is an admirably self-disciplined achievement, but it is also a surprising one.

The Howells was preceded by a lethargic account of Beethoven's Mass in C. All who love this infrequently performed work, its delicate classical restraints still unfairly placed in the monumental shadow of the *Missa solemnis*, will have rejoiced at the opportunity to hear it away from the gramophone. Yet the start—the unaccompanied choral bass entry, followed by the grace of the soprano melody and gently sawing string quavers—was her a stodgy mixture, an all to accurate portent of what was to follow. In both works, the ample yet pure soprano of Felicity Palmer was a redeeming feature of the evening.

MAX LOPPERT

Metropolitan Opera

Lohengrin

by ANDREW PORTER

The first new production of the Met season is a *Lohengrin* conducted by James Levine, produced by August Everding, and designed by Ming Cho Lee. Levine's conducting is on a very high level. Wagner's music (I heard him do a *Tannhäuser* at the Cincinnati Sängerfest last year) seems to suit him more fully than Verdi's. The opera was given uncut (except for the last paragraph of Lohengrin's narration—a cut that Wagner himself insisted on) and it did not drag for a moment: not in the long, square choruses and processions, nor even in those long recitatives that Ernest Newman once described as mere passages, not music. But Levine did not drive the score along in any unseemly fashion. He was unaffectedly lyrical, unobtrusively energetic. He illustrated Wagner's dictum that a conductor had mastered his task only when the audience was quite unaware of him.

Everding in a preliminary interview said he was against "concepts," but then produced one about Lohengrin being a potential Saviour who offered "our dirty planet" a chance that mankind, in the person of Elsa, failed to take. In fact, because of the way that Pilar Lorengar and René Kollo played Elsa and Lohengrin, the production presented a "concept" closer to that expressed rather surprisingly, if not very clearly, in the composer's *Communication to my Friends*: that it is Lohengrin who is in need of redemption: that Elsa was quite right to ask the forbidden question, even though it would lead to tragic consequences; that Elsa, that "glorious woman," is a Spirit of the Folk, in contemplation of whom Wagner became at one stroke a revolutionary; that one day an Elsa would arise to redeem fallen man, once the scales of pride and self-sufficiency had fallen from his eyes.

Miss Lorengar's Elsa was sweetly and limpidly sung. She was natural, spontaneous, and quite unaffected. From pictures and records of Emma Eames and Olive Fremstad I had built up my image of what a Met Elsa might be. Miss Lorengar was not like that. Though dignified, she lacked majesty—and also, it must be said, lacked the body and volume of voice to set the great phrases sailing out into the huge house. It was slightly as if Mimi, with great charm and accomplishment, had ascended the throne of Brabant. Kollo's voice is not large, but its lyrical tones are so purely focused that they carry more tellingly than those of some more robust but less cleanly projected tenors. The puppy-charm of his 1972 Lohengrin, in Bayreuth, has been disciplined into cool, correct demeanour. He looked like a pre-Raphaelite saint—and he had something of the same priggish blandness. This Lohengrin needed an Elsa like Miss Lorengar to teach him what life is about!

Donald McIntyre's Telramund had its familiar forcefulness, but something odd is happening to the voice: at times it emerged as if through a megaphone, loud but distorted. Mignon Dunn played Ortrud with gleaming malice but screamed "Entweihte Götter" instead of singing it. Henry the Fowler needs more decisive words and more sharply cut phrasing than Bonaldo Giaotti provided. Allan Monk's Herald was excellent. As Wagner said of his Herald, "the fellow sings as if everything concerned him personally." Mr. Monk sang with the right eager enthusiasm and in ringing tones.

Lohengrin has generally been deemed an opera in A-major blue. "Blausilberne Schönheit" was Thomas Mann's phrase for it: "a fairytale in blue" was Wieland's. Everding and Lee have adopted the current fashion of predominantly grey scenery against a black background. It is a dreary fashion, and I hope it does not last much longer. A livid electric blue glare plays over the black backcloth when the swan's arrival is due, and bright white light plays upon a swan outline in tubing when it pops up, like a submarine, from a Scheldt that is imagined to be flowing along the footlights. Otherwise there is not much colour.

There are no trees in Act 1. The first part of Act 2 is played in front of a drop-curtain painted like a wall, pierced by a small arch through which Elsa, a close fit, emerges, as if on a cuckoo-clock, to stand on a tiny balcony and sings her Song to the Breezes. The rest of the act plays in a confusion of arcades, steps, columns, and a pulpit, and whether we are inside or outside or inside the minster I have no idea. Everding, having tried to improve on Wagner's careful staging of the bridal procession, succeeds only in muffing the theatre-stroke of Ortrud's intervention. The bridal chamber of Act 3 is department-store Gothic; the cortège decks the bedposts with tight little bunches of flowers, and from these, rather than fragrant gardens outside, Lohengrin draws his simile about charms that should be enjoyed without being investigated. A beautiful image is lost. Moreover, since Lohengrin is now in a long white coat, when he turns to Elsa in her white dress the effect is irresistibly of doctor and nurse before an operation.

At a cost of $350,000, this *Lohengrin* was not a cheap production. Much of it looks thoughtfully and carefully prepared. Some of it looks silly. ("Let my *Lohengrin* be beautiful but not ostentatious—and not silly," Wagner said to the Dresden designer with whom he was collaborating on a production book of *Lohengrin*; the result is now in the Burrell Collection, in Philadelphia; I wonder if Everding and Lee consulted it.) With some reworking and with a new lighting plot (on the first night, tremulous spotlights, in the customary Met fashion, picked out the principals on the dark stage), the production should be able to do good service. But so long as Wagner designers eschew colour, and so long as Wagner producers ignore the scenic actions that are composed into the very music, Wagner's operas will be but imperfectly realised.

Pilar Lorengar, Bonaldo Giaiotti and René Kollo

Nottingham Playhouse

Knickers

by B. A. YOUNG

When young Frau Maske's knickers (they are "bloomers" in the edition I have) fall to the pavement just as the Kaiser passes by in procession, they start a romantic trail that leads to heartbreaks for her and prosperity for her husband.

Theobald Maske takes the opportunity to scold her and beat her for what he regards as her slatternly way of life. But two witnesses of the accident react less earthily. One is Frank Scarron, a writer Byronic in aspect and Nietzschean in argument and the other is Mandelstam, a young Jewish barber with a weak chest and a passion for Wagner. Both of these find their way to the Maske's flat where, by good fortune, there happen to be two rooms to let.

This, I say, that from the moment they are installed philosophy takes over from romance, is not to suggest that the play grows any less entertaining, for Carl Sternheim, the author, has much to say in philosophic vein. *Knickers* is the first of his plays about the Maske family, through whom he ventilates his perceptive scorn for the German bourgeoise of the time (just before the first world war).

Maske is a minor Civil Servant and proud to be a mere cog in the German patriotic machine (when his clock chimes the first phrase of "Deutschland uber Alles," he springs to attention even when he is halfway up a step-ladder). He cares only for his own satisfaction which is achieved by concentrating on bourgeoise imperceptibility.

On one side, Scarron assails him with Nietzsche's doctrine of the superman; on the other, he hears from Mandelstam about the romance of machines and inventors. But all he gains from these two confrontations is the rent of the two rooms, which, in a cold-blooded calculation, are enough to enable him to give his wife Luise the baby she has yearned for ever since her wedding. Luise, having glimpsed Paradise through her brief encounter with Scarron, can only react with distress.

Knickers is a perceptive and funny work of satire. As a wealthy man, Sternheim could examine his subjects with detachment, and apart from the unhappy Luise, he takes against all of them equally, the sad Jewish barber as much as the Prussian stereotype.

But *Knickers* is not a farce; farce destroys satire because it destroys belief in the characters, which is an essential component of satire. Mike Ockrent, the director, has decided, however, to brighten the arguments with farcical characterisations and he is lucky to have some talented farce-players in his company, so that although what they are doing is, to my mind, mistaken, they do it very well.

Best of them is Antony Sher as the barber, sliding about Pippy Bradshaw's charming German Expressionist set with a Marxian growl, signalling unspoken thoughts with a mobile range of eyebrow. Malcolm Storry endows Scarron with a slow-motion elegance, though he has Nietzschean superiority enough to enable him, when Louise calls for help, to answer through the closed door "Give me five minutes" so that he can finish without interruption the story he is writing.

Brian Glover's Maske, his green uniform the mechanism that turns him from a petty private man to a petty public servant, is a stock stage Prussian. Luise is pretty and pathetic in Elaine Donnelly's performance, and there is a happy rendering of her plump confidante Trudi by Pat Keen.

Merley College

Isis and Osiris

Isis and Osiris, a lyric drama with words and music by Elisabeth Lutyens, was written in 1969, though the performance on Friday night at Morley College was the first. The reason for this delay in production presumably lies not so much in the complexity of the work—the forces involved are not large: eight voices and a small orchestra—but in the fact that Lutyens the librettist has presented Lutyens the composer with an almost impossible task. The subject, taken from Plutarch, is perfectly viable as the basis of an opera, but spun out, in a prologue and three acts, to a length of more than three hours, it loses all dramatic momentum long before the end.

Nut, the Sky goddess and wife to Ra, the Sun god, bears five illegitimate children to Seb, the Earth god. These children include Osiris, King and god of the peoples of the Nile; Isis, goddess of fertility and the wife of Osiris; and Seth, who murders his elder brother by confining him in a coffer which is then thrown in the sea. In the second act Isis searches for her husband's body, eventually finding it in Byblos. She takes the coffer back to Egypt, where Seth dismembers the corpse. Isis finds and reassembles all the pieces except for one "precious part," eaten by Nile fishes, and Osiris is reborn as god of the Underworld.

The score contains much interesting and appropriately descriptive music, especially in the orchestral interludes which depict Osiris's travels or the wanderings of Isis. Some of the events—the game of draughts when Thoth, scribe of the gods, wins five days from goddess Moon during which Nut can bear her children; the closing of the coffer containing Osiris—are vividly illustrated, usually by the large percussion section. The vocal writing is grateful, though the line tends to remain in the upper regions of each voice category. The composer has taken special care that the words are never swamped. The singers of Isis (soprano) and Osiris (baritone) keep to their roles.

Anna Bernardin sings with great accomplishment as Isis; in her unaccompanied lament at the death of Osiris with its hair-raising leaps up and off the stave, and again in the scene where she recognises the coffer at Byblos, she displays an altogether exceptional vocal security. Michael Lewis has less to sing as Osiris, a more passive role; but he also carries conviction. Margaret Slade (soprano) acquits herself well as Nut; Ameral Gunson, who sings Moon, the Queen of Byblos and Nepthys (sister to Isis), possesses a splendidly firm, deep contralto voice. Alan Byers (tenor) as the voice of Ra and as Anubis, the jackal-headed god; Omar Ebrahim (baritone) as Thoth, and Richard Wigmore (bass) as Seb, Seth and Horus (son of Isis and Osiris), all fulfil their tasks more than adequately.

ELIZABETH FORBES

The Entertainment Guide is on Page 29

Elizabeth Hall

Brüggen & Leonhardt

by NICHOLAS KENYON

Two of Holland's finest musicians celebrated the 25th anniversary of the Netherlands Embassy Concerts on Thursday. They celebrated, too, the fact that through their advocacy—their teaching and their superb musicianship — Holland now leads the world in the revival of Baroque instrumental technique, a fact regularly demonstrated by the debuts made in the smaller Netherlands Embassy concerts. Moreover, Franz Brüggen and Gustav Leonhardt gave in this recital an unmatchable display of recreative skill which proved beyond doubt that the "authentic" revival, so far from being preoccupied with history, is only a means towards the performers' expressive ends.

For Brüggen and Leonhardt are quite different musical personalities, and their coming together in such a complex and substantial work as Bach's B minor Flute Sonata was hair-raising. Brüggen, rhapsodic and wayward. Leonhardt, steely and passionate: the creative tension was alarming in the freely played first movement and supremely exciting in the disciplined final Presto. Fortunately neither of the musicians lived up to the caricatures of their reputations which have circulated in this country. Leonhardt's impulsive, incisive playing almost convinced us that his transcription of Bach's D minor Violin Partita for solo harpsichord was a workable piece of music — he certainly brought more depth and more controlled freedom to the Chaconne than many a violinist. But his literal transcription could not create the overwhelming resonance which is present both in Bach's original and also in Busoni's piano arrangement — Bach himself, from the evidence of his harpsichord concertos, would have rearranged more radically than this.

Brüggen's legendary flexibility and wide vibrato were under firm control throughout the evening. His musical penetration and intelligence almost submerged some little Baroque pieces by Dieupart (described as Francis, but surely the Charles Dieupart whose music Bach studied) and by Giovanni Cima. His skills were more evenly matched with the long, but all too short, unaccompanied *Ricercata* from the late 16th century by Virgiliano, where a seemingly infinite variety of material and texture was unified into one timeless chant. And he was ideally at one with the concert's modern piece, Berio's *Gesti* (written for him in 1966): like the oboe Sequenzas for Holliger, this celebrates the unity of the performer and his instrument, growing as it does from unco-ordinated finger and mouth actions of primitive violence and imagination, through a gradual cohesion to complete command of the instrument. Performer and instrument, instrument and music, performer and music: this concert celebrated all these unities. An all-too-rare event.

Festival Hall

Mahler's Fourth

It is hard to imagine Mahler's Fourth Symphony played with anything but simplest, warmest affection—the music itself seems, in all its Haydnish bucolic vitality, Mozartian mellifluousness and Schubertian nostalgia, forged with quintessential Mahlerian adventurousness of form; to compel warmth of feeling, charm of style and lyrical buoyancy from every conductor and orchestra who tackle it. So Thursday's London Symphony Orchestra performance, conducted by Bernhard Klee, boasted, for some of its ungainly and charmless course, a certain —though fairly fleeting—novelty value.

Donald Mitchell, in his *Gustav Mahler—The Wunderhorn Years*, writes with especial perceptiveness on the "studied simplicity" of the G major symphony, on the amount of "highly conscious archaising on Mahler's part" in the creation of its style. That is a large part of its particular poignant beauty; and it is those elements in the music notably sacrificed by such a rigid, hustled and bustled unfolding of the music as we heard and experienced in this performance. Mahler interepretation depends on basic tempos established with sufficient solidity to permit infinite departures and returns (but Mr. Klee, particularly in the third movement, was unconvincing about the establishment of basic tempos, and unfeelingly jerky in transitions between them). More important, it depends on that shiningly beautiful, many-layered, deep orchestral tone out of which the long-lined melodies can emerge and develop with richest sensibility (but the LSO was shallow in blend, crude in solo, and often distinctly patchy in its ensemble).

Edith Mathis was the soprano soloist in the fourth movement. It was good, after so many English sopranos who sacrifice the text to sugary sweetness of tone, to hear the German words shaped with natural bite; but Miss Mathis, as she had shown earlier in the evening, in two Mozart concert arias, was in uncomfortable voice—instead of its best jewelled radiance, the sound too often manifested edge and constriction. The first Mozart aria, *Misera dove son*, K.369, must anyway tax a Despina voice when an Elvira is obviously in demand; but the soubrette vivacity of the second, *Voi avete un cor fedele*, K.317, should have found in the Swiss soprano an ideal interpreter, and, disappointingly, didn't.

MAX LOPPERT

Community optimistic for U.K. trawlers

By Robin Reeves

BRUSSELS, Nov. 28.

STRONG OPTIMISM that some British trawlers will be able to resume fishing activities off Iceland from January 1 was expressed here this week-end by Mr. Finn Gundelach, the Brussels Commissioner temporarily in charge of EEC external relations.

Mr. Gundelach was commenting on the second round of his talks with Icelandic leaders in Reykjavik aimed at exploring the ground towards a Community-Iceland reciprocal fishing agreement, after the move to 200-mile limits next year.

While it had not been possible to arrange an extension of Britain's bilateral deal with Iceland beyond the December 1 expiry date, Mr. Gundelach stressed his discussions had shown sufficient common interest on both sides in the conservation and development of North East Atlantic fisheries to make worthwhile the opening of formal negotiations towards a long-term reciprocal fisheries pact.

But, and perhaps of more immediate interest to the British trawling industry, he was confident that, when negotiations opened formally, before Christmas, both Iceland and the Community would be in a position to announce interim fishing regimes in their own waters from January 1.

"Such autonomous measures will, I am confident, avoid an abrupt end of fishing in each other's waters," he said.

Mr. Gundelach suggested a one-month halt in fishing by U.K. trawlers was necessary in order to wipe the slate clean of the "*barriers of suspicion* and hostility."

There was now the opportunity for the Community to build a new and more constructive relationship with Iceland.

OECD says Irish economy is critical

BY ROBERT MAUTHNER

PARIS, Nov. 28.

IRELAND has been given a stern warning by the OECD that its economic situation is critical and that, if present trends continue, it will be difficult to take remedial action without undermining the country's medium- and long-term growth prospects.

The root of most of Ireland's economic problems lies in inflation, expected to reach 18 per cent. in 1976 as a whole, only 3 percentage points less than last year, the OECD Secretariat's annual report on the Irish economy points out.

Inflation has contributed significantly in recent years to the country's most pressing social and economic problems, unemployment, which is currently running at the post-war record rate of more than 12 per cent. While a substantial proportion of present unemployment may be due to the deep-seated structural causes, these have been greatly reinforced by the excessive pay rises of recent years, according to the OECD.

In addition, inflation has been one of the main factors behind sluggish domestic demand, the weakness of industrial investment, increasing imports and the sizeable rise in the public sector borrowing requirement which, at close to 16 per cent. of GDP in 1976, risks becoming unmanageable.

Not least, the sharp rise in prices has had an adverse effect on the competitiveness of Irish goods, not only on the domestic but on foreign markets, a particularly serious matter for a country with such a small home market, which must rely on exports as the only source of sustainable rapid growth.

The fact that the fixed exchange rate and close financial integration with the U.K. restricts the role of monetary policy underlines the need for the Irish Government to bring the public finances firmly under control, so that fiscal policy can play its full role in economic management, the OECD stresses.

Above all, however, the Government can no longer afford not to intervene more directly on the wages and salaries front, given the inability so far of the employers and trade unions to produce an acceptable solution.

Rhodesia extends call-up

BY OUR OWN CORRESPONDENT

SALISBURY, Nov. 28.

NATIONAL SERVICE for Rhodesian whites is expected to be extended from 18 months to two years, according to government sources.

The six-month extension will affect non-African males between the ages of 17 and 25. Older age groups are also likely to serve longer periods. Police reservists between 25 and 38, presently serving a minimum of 84 days a year may now do between 112 and 120.

The period for those men over 38 may increase from an 18-day minimum to 28 days or longer. In May this year national service was extended from 12 to 18 months.

A security force communique said to-day that Rhodesian forces have killed six African guerillas in the past two days, bringing the total for the month so far to 214—the highest figure claimed by Rhodesian forces for any month since the guerilla war began four years ago. To-day's statement also said that a white man and an African died when their vehicle was ambushed in the Bikita area of South-East Rhodesia.

● Rhodesian police have arrested a Swiss missionary, Mr. Paul Egli, and are holding him in preventive detention, a missionary society at Immensee near Geneva said to-day.

Sharp rise in Opec oil output

SPARKED BY the rush to beat any OPEC price rises, OPEC crude oil production surged to 32.8m. barrels daily in October—the second highest ever and almost level with the 32.9m. b/d record of September, 1973, just before the Arab oil embargo and cutbacks, AP-DJ reports from New York.

The rise in October—the sixth consecutive monthly increase—was more than 1.4m. b/d above September's output. October output, bolstered by new records in Saudi Arabia, Iran, Iraq, and Indonesia surpasses the 32.2m. b/d post-embargo high of May, 1974. Of the major producers, Saudi Arabia, Abu Dhabi, Nigeria, and Libya are showing the largest increases so far for 1976.

Pertamina clears tanker problems

The settlement last week of three disputed tanker - charters with Burmah Oil Tankers Ltd. has reduced obligations of the Indonesian state oil firm Pertamina from $194m. to $30m., the Indonesian Administrative Reform Minister, Dr. J. B. Sumarlin, announced, our Jakarta correspondent reports. A similar cancellation agreement with Norwegian owners of two other ships in August had reduced commitments from $163m. to $39m., he said. Dr. Sumarlin, who is leading Indonesian negotiators along with Trade Minister, Radius Prawiro, said the Burmah and Norwegian agreements had cleared up about 20 per cent. of Pertamina's tanker problem.

Iran discount

The discount on the huge amounts of crude oil Iran will "swap" to Britain in exchange for a British anti-aircraft system will be doubled, according to Petroleum Intelligence Weekly, UPI reports from New York. The reported double discounting flies in the face of previous declarations by Iran that any crude oil Iran bartered would be priced at the official state selling price of $11.33 a barrel. But Petroleum Intelligence Weekly said it learned the oil will be bartered for the missile system to British Aircraft Corp. by National Iranian Oil Co. for $11.11 a barrel, and BAC in turn would sell the oil to the Shell combine at just under $11 a barrel. Deliveries are expected to range from 17,000 to 20,000 barrels daily for the next four to five years.

Angola reshuffle

Angola's Marxist Government has been reshuffled, the Tass news agency said yesterday, UPI reports from Moscow. Tass said Paulo Jorji had been appointed Foreign Minister, replacing Edward Dos Santos, who was named to be one of three new Deputy Premiers.

Quebec economist

Quebec Premier Rene Levesque has named economist Jacques Parizeau to the key finance post in this cabinet, Jacques Yvan Morin, Education Minister, Guy Joron, Energy Minister, economist Rodrigue Trimblay as industry minister, and Bernard Landry, Minister for Economic Development, our Montreal correspondent reports.

Kuwaiti arms

The Soviet Union has approved a Kuwaiti request to buy Soviet-made weapons, according to a Kuwaiti Government spokesman, Reuter reports from Kuwait. Defence and Interior Minister *Sheikh Saad al-Abdullah al-Sabah* told a cabinet meeting the approval came during a recent visit to Moscow by a Kuwaiti military delegation.

Cairo summit

A summit conference of African and Arab heads of State will probably be held in Cairo next March, Mr. William Eteki, secretary-general of the Organisation of African Unity, said yesterday, Reuter reports from Cairo.

Cinema clashes

Police used tear gas last night in clashes with hundreds of youths trying to storm into two Rome cinemas without paying the full ticket price, Reuter reports from Rome. Some youths threw Molotov cocktails and fired pistols when anti-riot squads moved in to disperse them. At one cinema, youths took over all tickets at the box office and tried to get in for L500 (35p) instead of the regular price of L1,800 (£1.30).

Stewart Fleming interviews the new owner of the Observer on his New Mexico ranch

A stetson-hatted Renaissance Man

"LOADED FIREARMS are not *permitted*" warns the sign over the Pecos Bar at the Roswell Inn, New Mexico. Infringement is a "fourth degree felony." In one corner stetson - hatted customers sip drinks and watch American football on the television. Outside, at one end of Main Street is the Roswell Airport. The other end goes north.

Roswell is home for the man whose company, Atlantic Richfield, has just bought the Observer newspaper. Mr. Robert Anderson has built ARCO into the eighth biggest oil company in the U.S. with sales of $7bn. in a decade. It began in 1963 when he sold his Hondo oil company for $35m. to Atlantic oil.

Thirty-seven miles west of Roswell past an endless line of telegraph poles is the Circle-Diamond Ranch where Anderson lives. He is probably the largest private land-owner in the U.S. with over 1m. acres of cattle land. As the waitress at the airport put it: "R.O. owns everything in sight." His influence in the barren ranchlands of New Mexico, a State not far short of Texas *in size but with only* 1m. inhabitants, is evidently immense. Personally, he seems to be a man of contradictions. Last week the New York Times described his as a "Renaissance Man" because of his liberal humanism and his patronage of the arts.

Another side of his character, however, is his affection for ranching and New Mexico, where he has lived for over thirty of his 59 years.

Sitting dressed in high-healed cowboy boots, jeans and a leather waistcoat decorated with indian beads, he explained some of the background to the decision to buy the Observer for his company. "It was brought to me on a personal basis," he said, but he believes that the only way to secure its future, given the levels of personal taxation in western democracies is through "a strong private sector vehicle such as a large corporation."

The conversation was interrupted by Mr. Gaylord Freeman, an ARCO director and formerly Chairman of the First National Bank of Chicago, who came in to say: "I talked to the Prime Minister who was all for it."

Anderson's company, ARCO, has a reputation for concern about social responsibility which goes deeper than its public relations' image. He explains this reputation by pointing out that "very few decisions that one makes that are in the public interest are not in the long-term interests of the company too."

The Observer purchase, he sees as being in the long-term interest of ARCO because it will expose the company to contemporary thought and help it to avoid the danger of compartmentalism in modern society, where the political structures, business, the media, and intellectuals, do not meet and develop some understanding of each other. "I felt it offered our company an opportunity for exposure to an absolutely vital and important segment of the modern world. Communications are still in their infancy but they are going to play a major role throughout the world, and English is now accepted as the universal language."

The company's self-interest is matched by what he seems to see as an international interest. "The Observer's value to society is its moderate liberal stance in the world comparable to the New York Times or the Washington Post." He says that he wants to maintain this political stance because he sees the moderate liberal position as an answer to the philosophy of the far Left.

Whether Anderson has fully thought through the implications of buying a British newspaper remains to be seen. One's first impression is that it may have been motivated by a faintly romantic desire to save a liberal *institution.* He also seems to have been influenced by reports of the reputation of the papers which Mr. Rupert Murdoch, who also tried to buy the Observer, owns.

While willing to discuss some of the general philosophy behind the decision, Mr. Anderson is still unwilling to enlarge on the details. No doubt this reflects in part the fact that the deal has been put together so quickly (in not much more than a week) so he has had little time to familiarise himself with the paper in detail or to meet many of the personnel. He rejects the suggestion that he is *planning* managerial changes, saying: "You don't change the players until you have to." He clearly believes that some of the Observer's problems will be solved by removing the "financial sword" hanging over management, and establishing a decision-making pattern freer from the threat of financial crisis and perhaps more decisive. It is hardly surprising that the staff has not performed as well at it is able in such financial circumstances, he suggests. He remains unwilling to discuss the details of ARCO's commitment in financial or legal terms. "We would not have done it if we had not had more than a casual commitment," he says. And while maintaining that "there is not the slightest doubt that we would not have gone into the *situation if we had felt in* any way our ownership would have interfered with the independence of the Observer." But he concedes that the change in ownership may change the ethos of the paper and "only time will tell" how decisions ARCO takes will affect it.

PLO fights attempts to change leadership

BY ROBERT GRAHAM

BEIRUT, Nov. 28.

THE PALESTINIAN leadership has come out with a uncompromising rejection of Arab attempts, led by Syria, to remove leading figures within the organisation for more conservative ones who would go along *with a Middle East* peace settlement.

The rejection was contained in a lengthy statement issued here over the week-end after a special meeting of all guerilla groups including the "rejection front."

The statement said that to survive, the resistance movement must be "protected from all forms of tutelage, subservience and attempts to contain or liquidate it."

It went on to say "Israeli and imperalist attempts, as well as attempts by certain Arab regimes to create alternative leaderships by harping on radicals and moderates to seek to create a misleading atmosphere which would . . . establish subversive leaderships that would agree with those forms of settlement such as a confederation or the United Kingdom scheme *(originally proposed by Jordan)* or others which aim at ending the war with Israel through peace with and recognition of her."

The statement appears to reject the whole basis of current strategy being promoted by Egypt, *Saudi Arabia and Syria*—namely a negotiated Middle East settlement which would permit the establishment of a West Bank and a Gaza Palestinian entity.

The tone, whose toughness took many by surprise, also reflects PLO anger at Syrian-inspired attempts to pressure the Movement.

In particular, the statement is a reply to an edittorial last week in the Ba'ath party paper, Al Baath, which called for a change of leadership in the PLO.

● Reuter reports from Jerusalem: Israeli Foreign Minister Yigal Allon to-day called for Lebanese troops—rather than Syrian units—to patrol Southern Lebanon near the Israeli border.

Defence Minister Shimon Peres added that any Syrian incursion South of the present deployment "*will only increase tension.*"

Parties in Spain agree on referendum guarantees

BY ROGER MATTHEWS

MADRID, Nov. 28.

A BROAD cross-section of Spanish political parties, ranging from far *Left* to moderate Right, reached agreement at a summit meeting here this week-end on the conditions the Government must guarantee if the *December 15 referendum on* constitutional reform and next year's general elections are to be considered democratic.

The seven-point communique issued early to-day represents a dual challenge to the Cabinet. First, because the nature of the demands seem to go well beyond anything the Government is presently contemplating; and second, because so many non-regime parties have at least temporarily managed to regain such a degree of unity.

The seven points demanded at the week-end meeting are: the recognition of all parties and labour organisations; the guarantees and protection of full political and union liberties; the immediate dismantling of the National Movement (the single party permitted under General Franco) and the political neutrality *of the administration; a true* political amnesty; equal access to radio and television; negotiations on the electoral law; and the recognition of the necessity of political institutions "for all the countries and regions" within the Spanish State.

The *government, meanwhile,* is to introduce important new legislation aimed at attracting more foreign investment.

According to an official statement "general and automatic authorisation will be conceded for those investments that help to resolve the problems of employment and those of the balance of payments."

This decision was taken at last Friday's Cabinet meeting where the appropriate regulations were approved. It is believed that the ministries of commerce and industry will continue to exercise considerable discretionary powers over which foreign investment applications come under the new regulations. One official source commented to-day "The country is in such urgent need of new investment that delays will be cut to a minimum."

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENT) ACT 1958

NOTICE IS HEREBY GIVEN that

1. INTERNATIONAL CREDIT BANK GENEVA (en liquidation concordataire), formerly of 15 St. Swithin's Lane, London E.C.4, and now of 128 Queen Victoria Street, London E.C.4, has relinquished the Principal's licence issued pursuant to Section 3 of the Act, having ceased to carry on the business of dealing in securities.

2. International Credit Bank Geneva (en liquidation concordataire), has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 341) for the release of the £649.01 of 5% Treasury Stock 1979 deposited in pursuance of Section 4 of the Act.

3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 30th December, 1976.

CONTRACTS AND TENDERS ALSO APPEAR TO-DAY ON PAGE 8

COMPANY NOTICES

U.K.-U.S. GULF WESTBOUND RATE AGREEMENT

Notice to Shippers and Consignees

[illegible]

CONTRACTS AND TENDERS

THE REPUBLIC OF IRAQ
State Organization of Iraqi Ports
NOTICE
SECRET BIDDING NO. 28/76
TO SELL THE DREDGERS KIRKUK AND KARBALA

Bidding from holders of valid certificates of registration from the Income Tax Office are invited to participate in the Secret Bidding to sell the above two Dredgers which closes at 12.00 hours on Wednesday the 29th December 1976.

If the offers be sent by post they must be mailed "Registered." *The bidder is required to ensure that his offer, together with all* the documents as required in the bidding form, reaches the bidding and tender box at the H.Q. of the Iraqi Ports Organization Maqil on the appointed date and should be marked:

Bidding & Tender Dept:
(Secret Bidding No. 28/76
To Sell the Dredgers Kirkuk and Karbala)

Forms of Bidding in duplicate may be obtained from the Purchase and Tender Office, Iraqi Ports Organization Basrah or from the representative of Iraqi Ports Organization, in the Ministry of Communications, Baghdad, during working hours, against payment of ID. 1/- (unrefundable).

SUB-CONTRACTORS

The European Investment Bank is building its new headquarters in Luxembourg (Kirchberg). The project [illegible]

[illegible]

9. FLOORING
Quantity: 23.000 sq. metres
Quality: various.
Approx. delivery: October 1977.

10. SPECIAL WALL FINISHES
Quantity: 14.000 sq. metres
Approx. delivery: September 1978

11. METAL BALUSTRADES
Quantity: 3.600 metres
Approx. delivery: April 1978.

12. CURTAINS AND TRACK
Quantity: 3.000 metres
Approx. delivery: May 1978

13. EXTERNAL PAVING:
Quantity: 3,000 sq. metres
Approx. delivery: March 1978

14. FIRE-RESISTING DOORS AND SHUTTERS

15. SIGNS AND NAMEPLATES
Approx. delivery: May 1978

16. ROLLING STORAGE
Approx. delivery: January 1978

17. SANITARY FITTINGS AND WASTE-DISPOSAL PLANT

Firms interested in any of the above (other than mechanical and electrical services) are invited to make themselves known to the Bank's Architects at the address given below before 15th December 1976, stating clearly the number or numbers of items of interest to them. In submitting their candidature candidates should give the *following information*: name, address, telephone number, telex number, geographical areas of activity, annual turnover, number of permanently employed staff and a list of references of comparable work for similarly sized projects. The list of preselected firms admitted to tender will be established by the Bank's advisers and the General Contractor by common agreement. Tenders will be invited in the coming year. Applications should be made in English.

Denys Lasdun & Partners
50 Queen Anne Street
London W1M 0DR
Tel: 01-486 4761
Telex: 22244 lasdun g

BANKING APPOINTMENTS

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

TURKISH AIRLINES INC.

announces that jet fuel A-1 is required for the period of January 1st, 1977 (inclusive)—December 31st 1977 (inclusive) at European Airports, will be purchased under sealed tender by adjudication, bidders must deliver their *proposal on or before December 10th.* 1976 to the below address. Readers wishing full information on bidding and list of technical and administrative conditions should contact:

TURKISH AIRLINES INC.
11-12 Hanover Str., London, W1R 9HF.
or
TURKISH AIRLINES INC.,
Fuel Management, Inonu cad., 92-94 Mithat Pasa Han, Gumussuyu, Istanbul, Turkey.

THE CHILIAN NORTHERN RAILWAY COMPANY LIMITED

5% FIRST MORTGAGE DEBENTURES

The Royal Exchange Assurance, Trustees of the above Debentures, announce that new coupon sheets numbered 127 to 159 are now available and will be issued by the Paying Agents, Williams and Glyns Bank Limited, in exchange for Talon No. 2. Forms for listing these Talons may be obtained from the Offices of the Paying Agents, Williams and Glyns Bank Limited, International Banking Division, 5/10 Great Tower Street, London, E.C.3, attention Customer Services Department.

HEPWORTH CERAMIC HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books for the 7¼% Convertible Unsecured Loan Stock, 1977, and the 7¼% Debenture Stock, 1990-95, of the above-named Company will be CLOSED from 14th December to 15th December 1976, inclusive, for the preparation of Interest Warrants.

J. BIRTWHISTLE, Secretary.
Genefax House,
Sheffield S10 3JF.

ASPRO-NICHOLAS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Register and the Register of Members of Preference Stock will be closed from 3rd to 17th December 1976 inclusive.

By Order of the Board,
A. W. SAMPSON, Secretary.

WORLD TRADE NEWS

...K. bids ...r major ...atar deal

...ial Times Reporter

...RS BEING considered by ...ar authorities for an ex... of a massive power and ...tion plant could result ...more involvement for the ...cording to the Financial ...newsletter, Petro Money

...project is stage three of ...l-purpose plant at Ras ...ntas, which when com... will be one of the biggest ... world. Capital costs of ...nt, together with trans... works, are over £310m. ...nk and Partners, the ...n-based engineering con..., has already been en... to engineer and supervise ...hree, in addition to the ...o stages and the trans... system.

... Weir Westgarth, based in ..., is bidding to supply ...illation units for the new ...n the hope that it will ...its success on stage two.

... companies ...n forces to ...n U.S. orders

...thur Sandles

... BRITISH television ...nies, Trident (which is ...n umbrella company for ...ire and Tyne Tees) and ..., are forming a joint ...ny to carve themselves ...ger slice of Britain's ...ng TV export business. ...new company will have ...in New York, Geneva ...ondon, and handle all ...n sales for the two com... At the moment, the ...e already selling abroad ...joint rate of more than ...year.

... biggest single item on ...ales lists at the moment ...glia's Survival wildlife ...which has enjoyed a ...able success particu... in North America. ...recently signed a sub...l deal for network show... the series in the U.S. ...far as Trident is con..., the company has re...sunk more than £100,000 ...making a pilot of a new ...Hood series for offering ...U.S. channels when they ...ir annual "shop" early ...ear.

...ough pilots are a regu...actice with U.S. com... trying to find network ..., it is rare for a British ...to make such a specula...vestment. The potential ...s are, however, enor... A prime time TV series ...ross well over £5m. a ...rom U.S. first runs alone.

£18m. support pledged for Norwegian shipbuilders

BY FAY GJESTER

OSLO, Nov. 28.

NORWAY'S GOVERNMENT has allocated a total of Kr.157m. (£18m.) over next year's budget to help maintain employment at Norwegian shipyards. At present, only about half the country's shipbuilding capacity has secured work to end-1977.

The new allocations, divided between various Ministries, and state lending institutions, aim at enabling fishermen, local authorities and Government departments to spend more next year on new ships and ship repairs. The extra orders they are likely to produce will concern mainly smaller types of vessels such as fjord ferries, fishing boats, tugs, pilot boats and lighters.

On the horizon, however, is the prospect of far more valuable contracts—for seven new coastal surveillance ships worth an estimated Kr.150m. each, and between five and nine passenger-cargo vessels worth a total of up to Kr.500m. for the North Norway Coastal Express Service, where a complete replacement of the existing fleet is planned.

The Government intends that all these ships should be built in Norway, despite the fact that they could probably be bought more cheaply abroad. Moreover, because of the shipbuilding industry crisis, it is now seeking to speed planning and design work on them so that construction can begin as soon as possible.

Norwegian politicians have so far been reluctant to consider a gradual reduction of shipbuilding capacity, in view of world over-capacity. Because of the 50,000 jobs involved, the tendency has been to give stop gap help to keep the yards going. This policy has been criticised by spokesman for the shipping industry.

The director of the Norwegian Shipowners' Association, Mr. Eivinn Berg, said last week, that there was no evading the fact that capacity would have to be cut. A race between governments to subsidise their shipbuilding industries could lead to the production of ships nobody needed. This would only prolong the crisis facing both shipping and shipbuilding.

● **Noack**, a Norwegian company which produces ship lighting equipment, car and industrial batteries, has seen a big increase in orders for the giant headlamps it makes to assist ships navigating the Suez Canal. Under a recent ruling by the Canal authorities, ships using the Canal will no longer be able to rent these special lamps but must carry their own.

Noack is one of a limited number of European countries which makes the lamps and has already expanded output at its factory in East Norway to meet increased demand. It expects extra sales to raise its turnover by some Kr.1m. in 1977. Turnover this year is expected to reach about Kr.60m.

VW exploits diesel potential

BY NICHOLAS COLCHESTER

BONN, Nov. 28th.

VOLKWAGEN'S development of a diesel engine for its Golf car seems to be opening up a new area of international business for the West German company.

The U.S. transportation department has given VW a $500,000 contract for a study of the potential of small diesel motor car engines. And last week it was announced that VW had been asked by Volvo of Sweden to develop a diesel engine for the Volvo 240 series.

The American department has requested Volkswagen to deliver a "data base" on the performance and economics of diesel engines of between 50 and 100 horsepower for use in motor cars. The study, to be delivered by the end of April next year, will help the department assess the potential advantages and impact of such engines in American motoring.

At the root of this international interest in VW's diesel expertise is the new small diesel engine that the company has developed for its "Golf" model. This engine, of 1.5 litre capacity, has been well received by the international motoring critics because Volkswagen appears to have achieved the refinement of the modern petrol engine with the fuel economy that is inherent in the diesel cycle.

The diesel Golf's introduction in West Germany has been slightly delayed by the need to redesign the exhaust system somewhat. Production is now getting under way, however, and first deliveries will be made early next year with the diesel engine costing DM1,250 extra.

A right hand drive version for the English market will become available in May or June next year, at an extra cost of about £400. This means that the basic diesel Golf will cost about £2,600 in Britain. The compensation for the extra cost is the slightly lower price of diesel fuel in Britain and fuel consumption in normal driving of between 50 and 60 miles per gallon.

Honda mopeds for U.S.

TOKYO, Nov. 28.

HONDA MOTOR said it plans to raise production of 50 cc mopeds by its wholly-owned Belgian subsidiary to 15,000 units monthly next April from 10,000 currently, and initially ship 2,000 units to the U.S.

A spokesman said Honda wishes to cultivate the U.S. market for mopeds, believing it to have large potential, and output will be further raised if the exports prove successful. The company started shipping 50 cc ladies mopeds from Japan to the U.S. last month.

*

TOYOTA MOTOR will shortly introduce a new low-priced vehicle specially designed for the Asian market.

Toyota said its basic utility vehicle, the Buffalo, will be on sale first in the Philippines from next Thursday through Delta Motor.

The Buffalo will be assembled by Delta with a high local content of over 50 per cent. in line with the Philippines Government's policy to encourage the domestic motor industry, Toyota said.

The Buffalo models to be marketed in the Philippines will be available in two basic models, a minibus carrying 15 passengers and high-side pickup truck carrying freights or 15 passengers. The standard vehicles will be sold in Manila for Pesos 21,500 (about $3,000).

Reuter

Canberra move will not harm U.K. trade

By Margaret Hughes

THE DEVALUATION of the Australian dollar is not expected to have a marked impact on Anglo-Australian trade, Britain having now fallen back to third place behind Japan and the U.S. among Australia's main trading partners.

Australia is now Britain's tenth export market and accounts for only 13.5 per cent. of total Australian imports, whereas 20 years ago imports from Britain represented 45 per cent. of the total. Over the same period Britain's role as an exports market for Australian products has also diminished. Only 6 per cent. of Australia's exports now come to Britain, compared with 23 per cent. previously.

British exports to Australia totalled £631.5m. last year, up slightly from £599.1m. in 1974, and for the current year are expected to total around £670m.

The main items which Australia imports from Britain are machinery and transport equipment, manufactured goods and chemicals

Britain represents the main source of Australian imports of industrial machinery and engineering goods (excluding mining equipment).

The higher cost of these imports following devaluation is not, however, expected to have an adverse effect. British suppliers are well established in the market and there are no immediately obvious alternative sources for such equipment.

In the past, Britain has enjoyed preferential tariff treatment on its exports to Australia, but over the last 18 months or so these have been gradually phased out.

Australian exports to Britain fell last year to £279.5m. from £311.2m. in 1974 and this year are expected to have fallen further to around £230m. The fact that imports from Australia should now be cheaper could help reverse this trend, although in the longer term increased demand for the products involved, like wool, may well push prices up again.

Kenneth Marston adds: Mr. James Innes, financial controller of Consolidated Gold Fields, anticipated yesterday that his group would benefit from devaluation at least in the short term.

Rio-Tinto-Zinc took the view that there would now be a "slight reduction" in this year's sterling profits from the group's operation in Australia.

Soviets may soon be drinking Schweppes

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

SCHWEPPES' DRIVE to establish a major new market for its soft drinks in Eastern Europe seems about to notch up another breakthrough—in Russia.

The "Soviet Weekly" reported at the week-end that, at the invitation of the Soviet Chamber of Commerce, Cadbury-Schweppes Overseas had offered the Soviet Food Industry Ministry and the 1980 Olympic Committee equipment for a soft drinks factory and regular supplies of concentrate.

Schweppes confirmed that talks are going on. "Nothing has been completed but we are hopeful—more hopeful for this Russian report. They don't usually announce these matters until everything is signed and sealed," a spokesman declared.

The U.K. group already has a highly successful deal with Bulgaria and expects that by 1980 that country—with a population of only 8.6m.—will be downing more Schweppes drinks than any other in Europe, including the U.K.

Schweppes has provided the know-how and licensed the Bulgarians to make a variety of soft drinks. In return it receives a mixture of cash, soft fruits, tomatoes and other goods.

Behind the East European interest is concern over the growing alcoholism problem. Schweppes is negotiating with Poland, Romania and Czechoslovakia as well as Russia.

The Soviet Government has some time been attempting gently to wean people away from vodka and other spirits to less alcoholic beverages. The wine industry is being rapidly developed and the soft drinks industry is being encouraged.

The Russian's favourite hot weather drink is an almost non-alcoholic beer, made from bread, sold in vast quantities from street stalls and kiosks. Its soft drinks, like those in the rest of the Eastern bloc, tend to be insipid. Hence the interest in the import of U.K. expertise.

French make inroads into British bearings market

BY OUR INDUSTRIAL CORRESPONDENT

FRANCE'S SOLE bearings manufacturer, SNR, claims to have captured between 2 and 3 per cent. of the £150m. U.K. bearings market since it set up a sales organisation in Britain six years ago.

SNR (Societe Nouvelle de Roulements) is a subsidiary of the State-owned Renault group.

Mr. Gordon Yapp, sales manager of the U.K. subsidiary, maintained SNR had expanded in real terms in the U.K. every year in spite of the recession and the fact that it offered only metric bearings. The company was looking for a 10 per cent. annual growth rate in the U.K. over each of the next two years.

Profit from the U.K. operation should reach about £100,000 this year. The main investment was in stock, worth about £600,000.

In turnover terms—Frs.484m. (about £55m.) in 1975—SNR as a whole is similar in size as the only U.K.-owned bearings group, Ransome Hoffmann and Pollard, but it employs far fewer people —4,200. RHP's sales last year were £63.6m. and it has 10,000 employees.

Last year SNR produced more than 50m. bearings and one-third of them were exported. The U.K., West Germany and Italy are about equal as the outstanding export markets.

In the U.K., where it sells mainly big-volume special bearings, major customers include International Harvester, Ford Commercial, Lancing Bagnall and Massey-Ferguson-Perkins.

WORLD ECONOMIC INDICATORS

Retail Price Indices

	Oct. '76	Sept. '76	Aug. '76	Oct. '75	Change on year earlier%	Index base year
U.K.	163.5	160.6	158.5	142.5	14.7	1974=100
U.S.	173.3	172.6	171.9	164.6	5.3	1967=100
W. Germany	139.4	139.1	139.3	135.0	3.3	1970=100
Italy	211.6	204.7	201.1	176.5	19.8	1970=100
France	171.8	170.3	168.4	156.3	9.9	1970=100
Belgium	159.9	159.6	157.5	147.6	8.3	1971=100
Holland	175.6	173.2	171.4	161.6	8.6	1969=100
	Aug. '76	July '76	June '76	Aug. '75		
Japan	188.8	189.2	188.1	172.4	9.5	1970=100

BAC Jaguar sales team in Pakistan

ISLAMABAD, Nov. 28.

A BRITISH avaiation team arrives here this week to try to sell Pakistan more than 100 supersonic Jaguar combat aircraft, reliable sources report.

Pakistan has recently shown renewed interest in the Anglo-French Jaguar as a possible alternative to the American A-7 fighter-bomber.

The Pakistan Government earlier this year sought to buy 110 A-7s from the U.S. in a deal running to about $70m. But, the sources said, Senior Government officials now feel President-elect Jimmy Carter and his Democratic-controlled Congress will not approve the deal because Pak'stan has refused to give up plans to build a nuclear fuel reprocessing plant.

While the Jaguar would be more expensive than the A-7, some military experts contend that the British-built plane would be more suitable for Pakistan.

Contracts

● **INA Rafinerija Nafte**, of Yugoslavia has awarded Foster Wheeler a contract for a fluid catalytic cracking unit and associated gas concentration unit for designed under licence from UOP and will have a capacity of its Sisak refinery.

The equipment will be supplied principally by U.K. manufacturers; **Elliott Turbomachinery** has already received an order worth approximately £1.25m. to provide compression equipment for the catalytic cracker.

● **Mitsubishi Heavy Industries** has won a Y1.6bn. order from the Soviet Union's Prommash-import industrial machinery import agency, for a thermo-mechanical pulp making plant.

Built on a U.S. licence from Beloit it will have a daily capacity of 150 tonnes and will be delivered to a Siberian paper mill by summer 1978.

● **Stephenson Clarke Shipping** of London has placed a £4.1m. order for a 9,000 tonnes deadweight bulk cargo with the Kagoshima Dockyard of Japan. It is the first time the company has ordered from Japan. British yards put in tenders, but Kagoshima is said to have offered better prices and delivery. Stephenson Clarke has just placed a £4m. order on the Tyne for two 3,750-tonne cargo ships from Clellands, part of the Swan Hunter group.

● **Robeys** of the Newell Dunford group is to manufacture a lime kiln for a £2.4m. calcination project in Qatar.

Britain 'should improve EEC industry policy'

BY ADRIAN HAMILTON

BRITAIN'S forthcoming period of leadership of the Common Market should be used to promote a more effective industrial policy and the speeding-up of economic and monetary co-ordination among members, the Confederation of British Industry says.

In a report by the CBI's Europe Committee sent to the Government and the EEC Commission, the confederation urges in particular a reduction in non-tariff barriers and the development of community public purchasing policies.

The EEC is a sensitive, and to some extent divisive, issue among CBI members, and the report treads carefully on such issues as harmonisation and the creation of European scale undertakings.

But its broad spirit remains one of favouring the development of a European-wide market in which trade barriers are removed and the business environment harmonised as far as possible.

On specific issues, the CBI lays considerable stress on early abolition of technical barriers to trade and implementation of the 40 directives to this effect now under consideration.

Community public purchasing should be liberalised and the "draft second supplies directive" approved as soon as possible, with monitoring procedures to ensure its effectiveness.

Other points in the document include:

- Increasing the share of the community's resources devoted to the restructuring of those industrial and agricultural regions most in need through an enlarged regional development fund.
- Maintenance of liberal commercial policies in external relations while safeguarding the EEC's own interests and taking vigorous action in cases of unfair trading from third countries. The CBI supports establishment of a European Export Bank and wider policies with its EFTA partners.
- More progress on energy research and development of new resources.

Industrial policy in the European Community: Re-appraisal and priorities. CBI. £2.50.

BSC claims record for launching steel mill

By Roy Hodson

A WORLD record for commissioning a steel mill is being claimed by the British Steel Corporation.

The £35m. Thrybergh bar mill at Rotherham has been worked up to planned weekly production targets only 11 months after being commissioned.

Output from the mill is now above the 8,000 tonnes a week target. BSC says it has broken the previous record held by the Japanese for commissioning a mill of this type by more than one year.

Demand

It is not uncommon for such mills to take as long as five years to reach full operation. A difficulty is that production is temporarily halted every time there is a breakdown or failure on the line. The Thrybergh mill has been remarkably free from teething troubles.

Demand is still reasonably strong for the mill's products of high quality carbon steels for the car and engineering industries, in spite of the generally poor recovery of the steel trade. BSC expects Thrybergh to produce 400,000 tonnes a year from now on.

Post Office explains £220m. order cut

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

TOP OFFICIALS from the Post Office to-day confront management and unions from its equipment suppliers, in an attempt to persuade them to accept the plan to cut telephone exchange orders by £220m. over the next three and a half years.

The Post Office executives are expected to spend several hours explaining the difference between the old and new system of matching equipment requirements to traffic flows.

It was the introduction of its new, computerised, system which was largely responsible for the P.O.'s sharp downward revision of plans for exchange equipment ordering. The new system revealed that the level of telephone traffic was slightly lower than had been thought, but the main cause was the discovery that existing exchanges could handle far more calls than previously estimated.

The P.O.'s suppliers—GEC, Plessey and Standard Telephones and Cables—and their unions fear the cuts could cause another 15,000 redundancies in the manufacturing industry within two years, although the P.O. estimates this figure at only 10,000, over three years.

Rather than call for Government aid, the suppliers' main initial response to the P.O.'s plan was to question the accuracy of the new ordering estimates. It was the fact that they had only been given a very cursory explanation of the P.O.'s new analysis system which prompted Mr. Eric Varley, the Industry Secretary, to oppose to-day's meeting.

The Minister has promised to reconvene a meeting with the Post Office suppliers and unions after to-day's session, and although no date has yet been fixed, pressure is mounting for the issue to be settled before Parliament's Christmas recess.

Telephone monopoly under attack Page 11

BBC changes radio frequencies

BBC's RADIO Two will be taken off the 1500 metres long wave band in a reshuffle of radio frequencies.

It is believed the powerful 1500 metre wave band is earmarked for Radio Four, the BBC's prestige news and current affairs station, in a blueprint for new frequencies being considered by the Home Office.

Radio Two, the middle-of-the-road music network, with Jimmy Young, Sam Costa and other "housewives' choices," will have to jostle for a place with Radio One and Radio Three on the medium wave bands.

But the BBC denied that Radio Two would be axed. "At no time has there been any suggestion that Radio Two, or any other network for that matter, should be dropped. On the contrary, as far as the BBC is concerned, the p'an envisaged an extension and improvement of the existing radio services."

The new frequencies are due to come into operation in November next year. The reshuffle arises from an international conference in Geneva a year ago, when 100 countries put in claims for the 112 medium wave frequencies available.

Dunford issue backed

By Terry Wilkinson, City Staff

THE BOARD of Equity Capital for Industry, the City's new "Equity Bank" backed by over £40m. of institutional money, is unanimous in its support of Dunford & Elliot's £3m. rights issue rescue package to which it stands to subscribe up to £600,000, although reservations have been expressed by a number of directors.

Mr. Trevor Holdsworth, a deputy chairman of GKN and a member of the ECI board, said yesterday that at the last Board meeting the details of ECI's role in the package were approved.

However, certain Board members have been concerned that the actual terms of the deal had not been formally passed by the ECI board before the details were made public, even though a meeting of ECI on October 27 had agreed in principle to its involvement in the scheme.

In addition, reservations have been expressed as to the adequacy of the £3m. equity injection given Dunford & Elliot's borrowings position.

In the summer, ECI was approached by Dunford but the Board felt that the then proposed £4-5m. injection was inappropriate because of the open-ended nature of the commitment and the fact that it would have involved Dunford becoming a subsidiary of ECI in what would have been ECI's first venture.

ECI became involved in a support scheme for Dunford in a consortium of institut'onal shareholders led by the Prudential when it appeared that Dunford was in negotiations with NEB, the Government's own "equity bank." In the midst of these negotiations, on wh'ch agreement had been virutually secured, Johnson and Firth Brown, which had previously been involved in different institutional discuss'ons over Dunford's future along with GKN, announced a proposed take-over of the company.

Shawcross supports single body to supervise City

BY TERRY WILKINSON, CITY STAFF

FURTHER SUPPORT for the idea of establishing a single body to supervise conduct in the City is given by Lord Shawcross, chairman of the City Panel on Take-overs and Mergers, in the Panel's report published to-day.

The sugestion, which follows last month's announcement by Mr. Edmund Dell, Trade Secretary, that the Government did not intend to set up a statutory Securities and Exchange Commission to police the City, closely mirrors those made in recent speeches by Mr. Nicholas Goodison, chairman of the Stock Exchange.

Mr. Goodison has repeatedly urged that a new regulatory body, similar to the City Panel but with a wider supervisory role, should be set up by the financial institutions.

Lord Shawcross, while recognising that some City activities such as insider dealing require amendments to the Companies' Acts and that a number of improvements could be made to the existing statutory machinery, including investigations under the Companies Acts, adheres to his view that certain fields of conduct are best controlled by self-regulation.

However, occasional cases of unethical conduct occur which are not within the jurisdiction of any particular body—whether the Stock Exchange, the City Panel, or the disciplinary committees associated with particular professions—and thus e formal condemnation.

In the period covered b panel's report for the two ended March 31 1975 and i 31 1976, take-over and m activity has been much re by the economic recession posals examined by the were in each year almost e the same (147 and 145) about half those for the ended March 31 1974.

The report comments th change in the financial economic climate during two years has raised many lems relating to possibl obligations under Rule 34 City Code and refers to t major cases, those of Lond Corporation and Ashl Investments, the last abs 2½ years and 18 panel me

Attention is also drawn disclosure of dealings bids which the report say short in some cases of co quirements. In particular dealings by or on behalf associate are disclosed it be indicated with which s is associated, although the ciate need not normal named.

FT Grocery Inde
Consumer New
Page 28

Layfield local tax plans under attack

FINANCIAL TIMES REPORTER

THE Layfield Committee (proposal for local income tax) on local government finance to replace rates is strongly attacked to-day by two organisations.

The Confederation of British Industry has written to Mr. Peter Shore, Secretary for the Environment, argu'ng that such a tax would be complex to administer and could raise industry's costs.

And the Institute of Economic Affairs condemns the proposal "both for evading its responsibility to curb spending by recommend'ng a local income tax and for passing the buck on charging."

Lord Watkinson, the CBI president, argues there is "considerable danger [illegible] practice add to the total income burden instead of being offset by reductions in national income tax.

"It might also encourag authority expenditure, proved a more buoyant of finance than the alterna

Local rates now form, at £2.5bn. a year a larger ta on industry and commerc corporation tax, and the makes clear industry's desire to see local expen controlled and reduced.

In view of the financia lems, the CBI accepts tha abolition of rates on busi may not be possible. But i that the "Government reduce this burden by as and as soon as possible.

However, the CBI doe [illegible] La proposals for [illegible], inc relief for small bus occupying combined resi and commercial premises.

'Monetary targets likely to stabilise pound'

BY MICHAEL BLANDEN

THE RECENT adoption of strict monetary targets by the Government, and the likelihood that they will be maintained next year, imply that there will be greater stability in the exchange rate, it is argued to-day by Dr. David Lomax, economic adviser to National Westminster Bank.

However, he foresees uncertain economic conditions for industry and commerce. Forecasts for the U.K. economy have been revised downwards, and the most recent monetary measures will make their immediate impact almost entirely in the private sector, he argues.

"Whatever the precise content of the fiscal package now prepared," he adds, "it is certain to reduce demand private sector and increas tion." This points, Dr. says, to a depressed ec improving the outlook for tion but meaning that panies will need to lo foreign markets for their p

The deterioration in t change rate this year was largely with lack of confid the fundamental long strategy of the Governme fears that short-term ec events, including money growth, were not under ad control, Dr. Lomax comme

RAC RALLY

BY JOHN GRIFFITHS

Airikkala leads over works entries

PENTTI AIRIKKALA of Finland, in a privately-entered Ford Escort RS 1800, held a 2 min. 23 sec. lead over the works Escort of Britain's Roger Clark as 120 survivors out of a field of 200 headed back into Bath last night at the end of the first half of the Lombard-RAC Rally.

In third place was the works Saab of Stig Blomqvist, 24 seconds behind Clark.

The rally, which ends to-morrow afternoon, has been full of incident.

Timo Makinen, the Finnish No. 1 seed, who was bidding for an unprecedented fourth win in a row in his works Escort, rolled at 100 mph in the Forest of Dean on the second stage and had to retire.

Walter Rohrl, the West German ace, in his works Opel Kadett, went out with differential failure. F'nland's 22-year-old Ari Vatanen, this year's British rally champion, took up the runnng for a while, but succumbed with mechanical failure.

Competitors early yesterday ran into a vic'ous combination of gales, sleet and mud-caked roads which quickly sent the casualty rate soaring.

The Triumph TR-7 driven by Tony Pond had clawed its way into second place a mere 19 seconds behind the then leader Clark. But in Kielder Forest it had two punctures in a row, one of wh'ch sent Pond flying off the stage, cost him 10 minutes. This confronted him with the task of climbing back from 19th place.

But Leyland is jubilant at the performance of the TR-7, which made its rally debut only six months ago.

Leyland's hopes of repeating last year's win 'n the production category with Pat Ryan's Triumph Dolomite Sprint were dashed, however, when Ryan went out of the rally also in Kielder.

At the Midlands stage of Gravestoke an enormous crowd of spectators could not be prevented from standing in dangerous places along the stage. Finanlly, rally officials cancelled it as the only safe thing to do.

Clearly, the lessons of an acc'dent on Saturday, in which four people were hurt when a Porsche Carrera crashed in a Forest of Dean stage, had gone unheeded.

هكذا صدر الأصل

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Water supply control

FROM A military background in the subject, Cossor Electronics has entered the commercial telemetry field with the announcement of a £½m. order from Bristol Waterworks Company for an advanced system containing distributed intelligence to replace its present installation. The equipment is designed and manufactured at Harlow.

Making use of 150 microcomputers it is believed to be one of the largest telemetry distributed-processing networks yet to be designed.

Installation will take place between autumn next year and the spring of 1979 and the intention is to increase the efficiency of water distribution to 1m. consumers in Avon, Somerset, Wiltshire and Gloucestershire.

The central station, at the company's head office south of Bristol, will be controlled by operators in plain English via logging and event printers and twin alpha-numeric VDU's Communication will be over UHF radio links to 50 radio-equipped master outstations, in turn connected to a further 83 satellites by phone lines.

The microcomputer will organise the updating of each out-station memory so that the central station can interrogate for any specific data required. Data scans will be interleaved with "change only" scans in which only variations from the previous interrogation will be transmitted: very good alarm response is thus expected.

Use of microcomputers will also allow the water company to have closed loop controls between outstations without intervention from the central point.

Regularly updated performance data from 30 zones within the water network will be computed and transferred together with historical information to the company's mainframe processor. It will be possible to monitor the water network for trunk-main leakage, reservoir performance, zone consumption, and pumping station efficiency and, it is hoped, improve planning and capital budget forecasting. More from the company at Elizabeth Way, Harlow, Essex (0279 26362).

● INSTRUMENTS

Capacitance meter

ON THE British Government stand at Electronica (Munich), ESP showed a totally new digital capacitance meter.

The company's 300A is intended to cater for fast measurements on many types of capacitor, taking about one-tenth the time needed with ratio arm bridges.

Measurements between 1 picofarad and 1.99 microfarad can be obtained simply by inserting the unit under test. Range selection is automatic and the unit is accurate to within 0.5 per cent. of meter reading.

Electronic Services and Products, Cross Lane, Braunston, Daventry, Northants. Daventry 5779.

● HEATING

Beating air lock threat to pipework

THIS WINTER, as the 8m. or so householders with domestic heating systems begin to turn up their thermostats, a number will be faced with problems due directly to entrained air, and hand these over to scarce—or expensive—heating engineers.

One problem is corrosion due to entrained air, and while it is axiomatic that once entrained air has been vented after commissioning, it should no longer be necessary to do any more venting, it is a fact that in most instances, venting is periodically required.

Air can enter through hairline cracks at joints due to thermal expansion, or through the vent pipe in cases of excessive expansion, or whatever. But the result is always entrained oxygen and consequent undue corrosion.

Flats in particular can cause a design problem because of the lack of height which would provide for a head for the heating system.

Airlock problems are not always immediately apparent through "hammer." They can create cold spots in the system quite silently. In extreme cases, large bubbles can get caught up in the boiler itself with the potentially serious problems of overheating and boiler burnout.

Unfortunately, advances in heater system technology are making potential entrainment problems worse. The volume of fluid used is being reduced and it is being pumped round the circuits faster, so that any ingress of air is ipso facto more serious than hitherto.

But if air can be denied access or removed automatically, all these problems disappear.

Myson, which claims to be Europe's leading indoor environmental engineering company, has come up with what it describes as a simple and effective de-aerator for handling the entrained air problems of central heating equipment. Aerjec is the name chosen for fist-sized equipment which is installed between the cold feed and the vent in such a way as to provide an automatic balance.

Patents are pending on the unit which is ready for mass-production and will cost as low as under £5, and down to £3.50 to the trade.

It can be fitted as routine in new systems and as a corrective in problem ones by professionals or by afficionados of D-I-Y.

Larger versions have potential applications throughout chemical and petroleum processing.

The original version has, however, attracted considerable attention already and Harp Engineering, a major installer in the south-east with a turnover around £4m. a year, has ordered 3,500 units and has begun to fit them to all new private central heating installations.

Hard to evaluate, but nevertheless of crucial importance, is the effect a unit such as this can have on the frequency of calls by service engineers. A rough figure for a group of 1,000 service engineers out on the road is that if some improvement or other to the equipment they maintain can save one call per man-week, then the total cost saving over the group could be of the order of £200,000 for the year.

Myson Group Marketing operates from Ongar, Essex, on Ongar 2255.

● COMPUTING

Prints in English or Arabic

OVER 500 lines a minute in Arabic and/or English can be produced by a computer line printer developed by Scicon. Scicon will assemble it and incorporate the necessary software. The printer is based on Varian electrostatic printer plotters and F.8 (Fairchild design) microprocessors supplied by Euro-Electronic Instruments.

The microprocessor-based controllers, developed to Scicon's design, will allow the printer to be connected to either of two computers at the depression of a button. The controllers will also allow the selected computer to provide either the standard seven-bit ASCII code making use of the printer's 64 or 96 character set, or an extended eight-bit code for printing Arabic and English interleaved text. Printing is left to right for English and vice versa for Arabic.

A high resolution character matrix is used giving print quality comparable with typeset and the ability to produce the fine curvatures of Arabic script. Sanderson House, 49 Berners Street, London W1P 4AQ. (01-580 5599).

● COMPONENTS

Filter for air main

A DUAL range of single or multi-element filter units for special purpose equipment, where it is essential that oil/water/solid particle emulsions are removed, has been launched by Inline Filtration Systems, Parish Hall, Church Road, Cheadle Hulme, Cheshire, SK8 7JB (061-486 0499).

Graded density deep bed filter elements give particle retention in the preclean range down to 5 micron and in the oil-free range down to 0.01 micron.

Filter assemblies are installed in epoxy-coated steel pressure chambers. Oil and water is automatically drained, and the only routine maintenance required is a periodic filter element change.

Inlet and outlet pressure gauges are fitted as standard and connection sizes are from 1½ to 12 inches diameter. Flow rates range from 200 to 9,500 scfm at 7 bar.

Improved memories

INTEL HAS introduced a 16-pin 4k random access memory with very low power consumption, high speed and a wide tolerance on all power supply voltages.

Improvements are due to developments in the n-channel silicon gate manufacturing process and a circuit design that has been revised to exploit them.

Significant power drawn by the 2104A (from 12V rail) is 0.36 watt, achieved without sacrificing speed. The access time is 200 nanoseconds for read or write while the read/modify/write cycle times are 320 and 450 nanoseconds respectively. Supply voltage tolerance has been reduced to 10 per cent. and the minimum allowable "logic low" input voltage has been increased by 30 per cent. to 800 mV.

Similarly a "face lift" has been given to the existing 2102A 1k RAM which uses a single 5V supply: currents are down from 53 to 33 mA. There are versions with access times of 350 or 450 ns, designated 2102AL and 2102AL4 respectively.

● POWER

Low profile diesels

WITH A power output of 10 bhp per cylinder, a series of low profile water-cooled marine diesel engines has been introduced by R. A. Lister and Co., Dursley, Glos. GL11 4HS (0453 4141), a Hawker Siddeley company.

Overall height is 24.5 inches, and the engines are intended for commercial and pleasure craft for under-deck installation where height is restricted.

Continuous ratings (to BS649: 1958) of 20 and 30 bhp are available from the two and three cylinder units, operating at 2,300 rpm.

Individual cylinder construction allows interchangeability of complete or part assemblies, including cylinder heads, barrels, pistons, connecting rods and bearings, which simplifies maintenance. Water pump, alternator and starter motor are stated to be readily accessible. Manual start is available.

These engines can be supplied with either Lister hydraulic or manual reversing gear; and with either 2:1 or 3:1 reduction gears.

● EXHIBITION

Diamonds in industrial settings

THE FIRST International Diamond Tools exhibition and conference to be held in the U.K. for 10 years will take place in London next year from June 28 to July 1.

Both events will be based on the Wembley Centre and it is already known that a large amount of equipment and instruments as well as supplies and services will be promoted on participating companies' stands.

At the previous comparable event in Oxford in 1966 there were 900 delegates at the conference alone. Since then diamond technology has spread into many new areas of industrial activity, besides the working of difficult metals.

Further information on the event from Turret Press mentioning the International Diamond Tools Exhibition and Conference, 886 High Road, London N12 9SB. 01-446 2411.

● PROCESSING

Quality up by radio drying

ONE AREA of electronics where the U.K. certainly seems to be forging ahead is in radio frequency heating, particularly in the textile industry where it is claimed by the Electricity Council that 50 per cent. cost savings can be made compared with raising steam heat conventionally.

One company, Strayfield of Reading, has recently completed an installation at William Smith and Co. of Morley near Leeds, a commission dyer of slubbing, packages, hank, loose stock and melange printing in a wide range of fibres.

Dyed products are first hydro-extracted (spin-dried) and the requisite final amount of water has till now been removed in steam-heated ovens. But the drying time is eight-ten hours giving a production rate of only 118 kg/hr in the case of cotton and viscose and packages could be in the oven for three days.

The principal problem, however, has been that packages are inevitably drier on the outside than in the middle—leading to difficulties in subsequent twisting and rewinding processes.

This is where RF techniques are proving particularly useful since the heating effect is more or less uniform throughout the depth of the package.

The Morley installation produces 50 kW (at the standard frequency of 27.12 MHz) produced by big triode valves of the kind used in broadcasting. Items to be dried are passed on a moving belt through a pair of horizontally disposed capacitor plates which form part of the power tuned circuit and across which an intense RF field is developed. The gap can be adjusted to suit the product. Moisture is extracted by roof fans.

Output is 180 to 225 kg/hr, but equally important is the fact that the product can be very precisely dried. Furthermore, relatively little space is used for the equipment, and the environment for the workforce is vastly improved.

British companies in this field are expected to do well mainly because in the U.S. the RF equipment makers have not been under pressure from potential users on the basis of increased cost of raising steam.

Strayfield for example now has 150 customers, is turning over about £600,000 and is exporting 70 per cent. of its output. Indeed, it is about to open an Italian subsidiary and may follow this with another in the U.S. In the U.K. it doubled its production capacity in the past 18 months and plans a further doubling next year.

Its largest installation, 400 kW, has been in the tobacco industry but there have also been very successful equipments put into paper/board, adhesive, crispbread, rusks, brake lining and biscuit factories. Strayfield is at Tessa Road, Reading, Berks. (0734 582335) or an advisory unit exists at the Electricity Council, 30 Millbank, London SW1P 4RD (01-834 2333).

GEOFFREY CHARLISH

● METALWORKING

Grinds both ends at once

USING TWO 20-inch diameter wheels, the new SG1-500 spring-end grinder from Bennett Tools, Redditch, can grind 6,500 springs/hour. Both spring ends are ground simultaneously.

Previously the largest wheel used was 14-inch diamter; the increase in size allows larger springs to be end ground—typically, automotive valve springs.

Springs for grinding are carried on a 29.5-inch diameter workplate, with either single or multiple rows of holes. The workplate is moved between the grinding wheels, which have a peripheral speed of 5,900 feet/minute, and are mounted horizontally.

With standard grinding wheels, springs up to 13½ inches long can be accommodated. Maximum spring diameter is 3 inches and the wire diameter ranges from 0.06 to 0.315 inch.

The machine can be supplied as a single or twin-head model. Progressive grinding is made possible by a top-grinding wheel tilt facility. Each wheel is driven independently.

Details from the Machine Division of Tube Investments on 0203 75521.

Newcomer to word processing

DELTA DATA Systems is now making an attack in both the OEM and end user applications of the word processing market with the launch now of the 4700 system and another more advanced system said to be "in the pipeline."

Known mainly as a video terminal specialist the company has taken its 4500 device and added an IBM 3700 floppy disc store. The terminal is user programmable and Delta s[illegible] is particularly interested i[illegible] viding software for multi-[illegible] applications.

The controller is based [illegible] Intel 8080 processor and is able with up to 64k of me[illegible] up to six floppy drives c[illegible] accommodated so that the on-line storage capacity [illegible] Megacharacters.

Data, which is IBM 374[illegible] patible, is accessed via th[illegible] board of the 4500 termin[illegible] displayed in 25 lines [illegible] characters: communication [illegible] is up to 9600 baud. A [illegible] disc monitor system [illegible] assembly and text editing [illegible] terminal and disc pro[illegible] Welwyn Garden 33833.

Powerful desk-top machine

BY BRINGING out its "po[illegible] computer some months ag[illegible] has prompted a numb[illegible] competitors to follow suit[illegible]

The latest is Wang Elec[illegible] whose 2200PCS is not [illegible] bigger than an electric [illegible] writer but has an inc[illegible] amount of power, even a[illegible] for the very rapid adva[illegible] circuit technology in th[illegible] two years or so.

Vis-a-vis the competitio[illegible] an immediate advantage [illegible] inch display screen. But [illegible] has a BASIC language [illegible] preter, hard-wired into th[illegible] only memory. User memo[illegible] from 8 to 32 kilobytes [illegible] machine can run with th[illegible] ing peripheral equipment [illegible] 2200 range from which [illegible] derived, including a new [illegible] plotter and 120 cps line-[illegible]

Housekeeping in this [illegible] ment is very economica[illegible] it needs only 700 by[illegible] memory against typicall[illegible] At the same time, use[illegible] draw on the library of [illegible] already developed for the [illegible] machines. And whatev[illegible] ware they may write for t[illegible] it can be transferred to [illegible] units in the series withc[illegible] version.

This is an interestin[illegible] machine which comes [illegible] long line of developmen[illegible] the company first from [illegible] calculators into mini-co[illegible] and now down to the "c[illegible] on a desk."

Further from Wan[illegible] tronics, Argyle Hous[illegible] Street, Northwood, Mid[illegible] INS. Northwood 28211.

CONTRACTS AND TENDERS

CONTRACTS AND TENDERS ALSO APPEAR TO-DAY ON PAGE 4

Building and Civil Engineering

...ement handling terminal

...MAY well be the biggest ...nent handling terminal ...orld is to be built at the ...port of Yanbu.

...contract — between the ... of Commerce of the ... of Saudi Arabia and ... AB of Malmo, Sweden ...ow been signed. Sir ... Halcrow has been ...d to supervise the pro-

...erminal is designed ulti- ... to handle an annual ...out of 700,000 tonnes of ... for onward distribution ... or for bagged consign- ...Delivered in bulk by ship, ...ent will be discharged by the vertical screw conveyor of a ship unloader located on the quayside and will then be conveyed through a 550 metres long system of conveyors to two concrete silos, each 47 metres high, with an internal diameter of 22 metres and each capable of holding 20,000 tons of cement.

From these silos, cement will be consigned to its destination through two sets of weighing hoppers by means of either a bulk discharge plant capable of operating at a rate of 120 tonnes per hour, or a bagging plant designed to operate at 200 tonnes per hour.

The silos and discharge installation are located within an area of the port complex that will be owned by the Ministry of Commerce. They form part of the general expansion of the existing Port of Yanbu, which had been negotiated with the Ministry of Communications in February of this year, and for which Sir William Halcrow and Partners are also the consultants.

The cement handling facility is to be sited on a 160 metres long deepwater berth located on a 1,565 metres long quay wall now under construction.

About 60 per cent. of the dredging and reclamation works in the expanded port have now been completed and overall completion of the first stage of the development of the Port is scheduled for the end of 1978.

...oling a ...iliser ...tory

... a £4m. plus contract a ...tral cooling water system ... built for Iran Fertiliser ...y by Hamon-Sobelco of ... whose main sub-contrac- ...Giltspur Engineering of ... Wood.

...ing contractors are Davy ...s and the work will in- ...e design, supply and ...ion for the construction ...c induced draught cool- ...r complex consisting of ...n cells.

...-Sobelco will design and ... the complete cooling ...hile Giltspur takes re- ...lity for all other aspects ... cooling system.

...ller gets ...) jobs

...NTRACT worth over ... has been awarded to ...onstruction by the York- ...action Company for the ... of a maintenance depot ...sley, Yorks.

...cheme calls for a single- ...aintenance unit in two ... blocks which will cater ... servicing of 16 public ...vehicles.

...uction will involve the ... of steel portal frames ...itu concrete piles pads ...ound beams, and the ... cladding will consist of ... brickwork and plastic- ... steel sheeting. Miller ...o begun alterations and ...ons to a supermarket at ... Yorks, for William Mor- ...ermarkets. This contract ...ed at over £250,000.

...eakwater ...he Clyde

...ATING concrete break- ...lesigned by Taylor Wood- ...nternational subsidiary ... Breakwaters of ...ter, Sussex, is to be con- ... on the River Clyde for ...rina. The work is to be ...ken by Reed and Mallik. ...reakwater will be used ...ct craft moored at the ...rina site on the north ...f the river and it is expected that it will be floated out to its position in March next year.

Constructed in three sections, each 140 metres by 10 metres, the 420 metres long breakwater will have a displacement weight of 1,287 tonnes.

Two trade associations merge

A NEW trade association, the British Woodworking Federation, has been formed following agreements to merge made by members of the British Woodwork Manufacturers' Association and the Joinery and Timber Construction Association.

The new Federation becomes effective from December 6 and will bring together well over 1,000 employers engaged in the appropriate trades. While it is expected that it will be fully affiliated to the National Federation of Building Trades Employers, the new organisation will be self-governing and responsible for its own policies and staff.

Portable drain pump

CAPABLE of handling dirty water and small-solid suspensions without clogging, the Model 5DP portable automatic submersible electropump made by Jacuzzi Europe SpA, of Venice, Italy, is now available in the U.K.

Operated from a standard mains supply, the pump incorporates an automatic stop/start facility for keeping enclosures water-free. Automatic operation can be by-passed if required. On non-automatic operation the pump can drain at a maximum rate of 60 gallons/minute. It requires a minimum depth of water of 190mm. to attain full output pressure from its 0.55 hp motor, at 2,900 rpm.

Supplied with 2.5 metres of cable and neoprene tubing, water-tight plugs and pressure-switch boxes, the discharge nozzle accepts standard 1¼-inch BSP metal or plastic piping.

Marketing is by Jacuzzi-Farrods U.K., Dallamires Lane, Ripon, Yorks. HG4 1TY (0765 5765), a Farrods Group company.

Superstore rebuilding

DESTROYED by fire in August, the Asda superstore at Llandudno is to be rebuilt by Edward Jones (Contractors) of Penmaenmawr, Gwynedd, under a £¼m. contract.

The six-acre site will be laid out for 25,000 square feet of selling space, and parking for 700 cars.

Completion is due for the beginning of April 1977, or 27 weeks after demolition workers clear the site.

Pipeline for Lancashire water grid

TWENTY-ONE kilometres of various types of pipe are to be laid by Keir (French-Keir Group) under a £2¼m. contract placed by Ribble Division of the North West Water Authority.

It is contract 14/1 of the Lancashire "Conjunctive Use Scheme" and it specifies the laying of 1.4m. and 1.2m. wrapped steel pipe supplied by the Authority on the 18km Garstang to Houghton link, and a 3km stretch of 400/600mm diameter pipe to collect water from deep boreholes.

Intake works from the River Wyre at Garstang and the main water treatment works at Catterall are under construction at *the moment by Laing.*

Contract duration has been set at 100 weeks.

Factories and offices

CONTRACTS worth over £2¼m. have been secured by the Midlands-based Clarke Group.

The contracts are for a 60,000 square foot factory and office building on the Sowton Industrial Estate, Exeter, for the Vapormatic Company, a 25,000 square foot factory extension at Burton-on-Trent for *Robert* Morton (D.G.), a member of Lindustries, and a 150,000 square foot factory and office complex on the Belliver Industrial Estate, Plymouth for Tecalemit Garage Equipment Company.

Facts about concrete

The 53rd edition of the Concrete Year Book, will be published in January.

Its 640 pages will include lists of consulting engineers, contractors, suppliers of plant and materials, specialist services, ready-mixed concrete suppliers and precast concrete manufacturers. Names of key personnel in the concrete industry will also be included.

Publications Sales Unit, Cement and Concrete Association, Wexham Springs, Slough SL3 6PL (£6).

Industrial project

WILLIAM WEAVER has been awarded a contract by Morganite Crucible of Worcester for a warehouse, storage and production building totalling 26,000 sq. ft. The contract, valued at about £500,000, also includes roadways, car parks and land*scaping.*

The new buildings are the first stage of a two-part development which will total 50,000 sq. ft. It is anticipated that work will begin on site next April.

Handling grain in the Yemen

A TEAM led by Oscar Faber and Partners has been appointed by the Government of the Yemen Arab Republic to design and supervise the first phase of a long-term project to extend and improve the country's grain handling storage and processing systems.

The consultant team includes Spillers of London and Handling Consultants of Stroud, Glos.

Six regional warehouses with a total capacity of 18,000 tons, two government operated bakeries each served by a small flour mill and a 20,000-ton port silo complex at Hodeidah with ship unloading and bagging equipment are included in the first phase.

The bakeries will be designed to produce both western and local bread on the same equipment. The recipe for the local bread is being developed at Spillers research and technology centre in Cambridge and will make use of locally grown cereals.

Total value of the project is estimated at $U.S.15m. and is being financed by IDA, Saudi Fund and the YAR Government.

Reclamation work

SUNDERLAND Borough Council has awarded Shephard, Hill and Co., a £1m. contract for the reclamation of Silksworth Colliery to form a lake and recreational areas.

The company has also won a *contract from the Vales Division* of the Thames Water Authority for the construction of a 27,000 cubic metre capacity reinforced concrete covered reservoir at Overthorpe, near Banbury. This is worth £400 000.

In South Wales, the National Coal Board has awarded the company contracts worth about £400,000 for earthworks and drainage to tips at the Lewis Merthyr and Marine Collieries.

£1.6m. job for Mears

PETERBOROUGH Development Corporation has awarded a £1.6m. contract to Mears Construction to build the city's 1½-mile Lincoln Primary Road stage four. Work starts this week.

A third of the length will be dual-carriageway, involving a widening of the existing A15 (Lincoln Road) at Walton. The remainder will be built as single-carriageway (to be dualled later).

This is the latest phase of Peterborough's Parkway road network. It will bring the length of Parkway under construction to 4½ miles, to add to the 15 miles already open.

IN BRIEF

● A £370,000 contract for 30 flats at London Lane, Bromley, Kent, for Coastal Counties Housing Association has been awarded to Abercorn Construction.

● In spite of the general belief that the U.K. capital goods market is very quiet, Allis Chalmers reports that in the month preceding the Public Works Exhibition, it took major orders to the value of £875,000, the bulk of which was equipment for use in Britain.

Most of the money came from sales of five large jaw and hydrocone crushing installations and 30 screens, as well as a Stansteel dryer, 8 feet in diameter by 38 feet long.

● Booth Concrete a member of the Alfred Booth Group, has been awarded a contract valued at £333,987 to supply concrete flooring for 421 terraced dwellings at Northlands by Basildon Development Corporation.

● Worth £200,000, two new building contracts to D.T. Bullock and Co. include £150,000 for the modernisation of 75 houses in Stone Road, Stafford for the local council. The remainder covers machinery installation on behalf of the GKN Steelstock factory at Kidderminster.

...ulation saves energy

... year and a half since ...ct Committee on Science ...echnology made recom- ...ons to the Government ...ositive policy on energy ...ation, there has been no ...ffective action to reduce ...waste along any of the ...uggested by the Com-

...White Paper produced in ...to the Select Committee's ...ions and 12 months later ...e latter, was a damp ...nce the total message was ...to the individual."

...Committee wanted the ... of a top-level task force ...vould carry through poli- ...ned both at industry and ...e consumers—bearing in ...at possibly over half the ...'s total energy consump- ...oes towards producing ...c hot water — through ...onal and building norm ...nents to seek reductions ...gy waste. It firmly be- ...hat a 15 per cent cut was ...ble over two to three

...rding to officialdom, the ... campaign—and the effects ...reased prices—produced ...ons in primary energy ...ption equivalent to £150m. ...f imported oil. Whether ... was due to the two fac- ...entioned is a moot point. ...d well be entirely due to ...ons in consumption be- ... of a drop in industrial ... in high energy consump- ...ctors.

...since the beginning of the ...t year, energy consump- ...s risen at an annual rate ...nd 5 per cent., as it has ... U.S.

...t is interesting, in this ...t, is the fact that Property ...s Agency, through its ...collaboration with Honey- ...on a project to reduce ... consumption in the very extensive premises and centres administered by it for the DoE and for a large number of Departments, has cut energy use by 10 per cent. or £8¼m. in 1975. This is entirely through better management of heating and ventilating equipment to meet occupancy schedules, so that no equipment is left running when not required, and full account is taken of external conditions *when setting a heating pro*gramme.

The saving has nothing to do with better insulation of roofs and walls and it is accessible only to managers of larger building blocks or industrial premises and not to private house owners, who are nevertheless responsible for more demand on national resources than any other user.

Need for change

Following the National Energy Conference and in the absence of any action, it has become obvious that the Building Regulations need to be upgraded so that new and modernised housing has at least four inches of roof insulation (giving an ipso facto saving in a standard three-bedroomed semi of £30 a year at current prices). Multiplying this by the figure of 8m. house owners in the U.K. who have central heating will give some idea of the total potential saving in the form of reduced gas, electricity or oil bills.

Of course, pressure is being put on official bodies by the insulation and foam-fill companies, the latter having suffered particularly badly through the unclear directions from DoE to local authorities on building permits to allow foam injection.

But if energy is precious and irreplaceable, not just expensive, some clear guidance from Whitehall is needed, together with worthwhile inducements to save.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

THURSDAY, DECEMBER 2

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

FRIDAY, DECEMBER 3

Scottish and Continental Investment 0.6p
Smith St. Aubyn 1.7p
Sphere Investment Trust 1.13p
Spirax-Sarco Db. 3½pc (81-86)
Throgmorton Tst Ln. 4½pc

Tweedale 11½pcBds. Red 1.12.76 £5.9717
Upton (E.) Ord and A Ord 0.75p
Vale Royal 11½pcBds Red 1.12.76 £5.9717
Wardle (Bernard) 5pcPf. 1.75pc
Warne Wright and Rowland 1.0852
West Norfolk 11½pcBds. Red. 1.12.76 £5.9717
Whitbread Dbs. 3½ and 3½pc
Whites (Timothy) Db 1½pc
Wiggins Teape Dbs. 2¾ and 3½pc
Youghal Carpets 8pcPf. 3.467pc. 6pc Pf. 2.6pc. 3pcPf. 0.867pc
Young Brewery A Db. 3½pc

SATURDAY, DECEMBER 4

DIVIDEND & INTEREST PAYMENTS—
Ellis and McHardy 2.4385p
Fairview Estates 2.5286p
Gillette 37.5 cts.
Mid-Sussex Water Db. 7½pc
Nottingham 9¼pc 1977-79 4¾pc

SUNDAY, DECEMBER 5

DIVIDEND & INTEREST PAYMENTS—
Rexnord 33 cts.

Soyabeans in London school diet

LONDON ratepayers will save more than £100,000 next year when the capital's 1,200 schools start using textured vegeable protein in meals.

From the beginning of January when schoolchildren go back after the Christmas holidays, 10 per cent. of the meals' meat content will be made up by vegetable proteins—mainly soyabeans.

Before Christmas about 5,000 school catering staff will start watching cooking programmes on ILEA closed circuit television showing them how to use the new food.

The Vegetable Protein Association said that about half the local authorities in Britain were already supplementing the school diet with the protein, saving many hundreds of thousands of pounds.

"Lancashire has saved £100,000 and Leicestershire has saved £70,000 through using the vegetable protein."

LABOUR NEWS

TGWU coalminers join strike over recognition

BY CHRISTIAN TYLER, LABOUR STAFF

ABOUT 600 coalminers at opencast pits—members of the Transport and General Workers' Union —have gone on unofficial strike at four sites in South Wales in support of white-collar colleagues on strike over a claim for union recognition.

The staff, employed by Wimpey, the big building and civil engineering contractor, are members of the TGWU white-collar section (ACTSS), which has launched a recognition drive across the construction industry.

Officers of ACTSS have been urged to press hard for recognition in construction companies where they have members and to liaise with TGWU building workers.

The campaign follows the failure of attempts by TGWU officials to persuade employers to co-operate at national level on a wider approach to white-collar unionisation.

Although union organisation among construction company staff is thought to be low, the fear is that clerical unions outside the industry will fill the vacuum.

Mr. George Henderson, TGWU national secretary for construction, said yesterday he had first suggested national talks on white-collar unionisation at the end of 1972. "Some employers now say we are being irresponsible, but we think we have been very patient."

Also pushing hard for recruits and recognition is the white-collar section (STAMP) of the biggest building union, the Union of Construction, Allied Trades and Technicians.

Meanwhile the opencast m[...] strike in South Wales is [...] be considered by a civil eng[...]ing conciliation panel. The [...]pendent Advisory, Concil[...] and Arbitration Service ha[...] been involved.

● Miners at Gedling, N[...]hamshire, have voted in [...] head ballot to return to [...] after a week-long strike [...]men stopped work wh[...] deputy, who had been on [...] leave after an underg[...] incident last May, was rein[...] at the pit by the Nationa[...] Board.

By 550 to 414 votes, the [...] agreed to return to work [...] and allow the case to [...] arbitration. The deputy w[...] return to work until the a[...]tion process is complete.

Nuclear decision 'will affect jobs'

BY OUR LABOUR CORRESPONDENT

UP TO 80,000 jobs could be in jeopardy if the Government made the wrong decision on the future of Britain's nuclear power programme, engineering unions warned at the week-end.

Ministers are studying a report on nuclear power from the Central Policy Review Staff—the Cabinet's "think tank."

Mr. Frank Badger, Amalgamated Union of Engineering Workers' convener at GEC, Rugby, said in a joint union statement that Britain was missing out on millions of pounds worth of export orders because there was no firm policy on nuclear power.

If the Government decided to go ahead with the American-designed Westinghouse Pressurised Water Reactor (PWR), a proved system, export prospects would be enormous.

But if it came down in favour of the British-designed Steam Generating Heavy Water Reactor (SGHWR) development work would take several years.

"If the turbine industry in Britain is to survive, future business will mainly depend upon the export markets of the world. Home business can, if need be, still be of a fossil-fired nature," said a statement from the manual unions at GEC.

Mass meeting at Courtaulds

By Our Liverpool Correspondent

A MEETING of 800 workers at Courtaulds Furzebrook knitting mill at Aintree, Merseyside, will be held to-day to decide on action over the threatened closure of the mill on January 20.

The bulk of the production workers, who belong to the Transport and General Workers' Union, have rejected management proposals for increased productivity.

Strike end at power station

By Our Labour Staff

WORK ON the dispute-[...] Isle of Grain oil-fired [...] station in Kent may be [...] normal by the end of th[...] following the decision [...] workers at the week-end [...] a six-month strike.

Employees of the mai[...] tractor, Babcock and [...] voted to allow 60 safety [...] begin checks and e[...] maintenance work to-day [...] site, which has been put [...] behind schedule.

The strike started las[...] after a row about the pr[...] of safety overalls f[...] scaffolders. Recently B[...] gave up part of the contr[...] negotiations are to be h[...] compensation for those [...] 900 workers the compa[...] not be re-employing.

Productivity and site dis[...] will also be discussed thi[...] under the auspices c[...] Engineering Employers' [...]tion.

Nalgo lists job action criteria

BY OUR LABOUR STAFF

CRITERIA for deciding when official union backing should be given to strikes or other action by local council staff protesting against job losses have been drawn up by the National and Local Government Officers Association.

Union branch requests for official backing will have to show that job security is threatened, that there is solid support from the branch concerned, and that the employer has not been willing to consult the union.

The plans were endorsed by the union's national executive in the wake of the Government's announcement that the rate support grant is to be cut from 65½ per cent. this financial year to 61 per cent. 1977-78.

Mr. Peter Shore, Environment Secretary, has told the union that between 20,000 and 25,000 jobs will be lost as a result, mainly by natural wastage. But estimates of the job loss range up to 50,000 and beyond.

NALGO, which had already decided to support its 400,000 local authority members in the fight against public expenditure cuts, said yesterday it had been shocked by the size of t[...] support grant reduction.

A spokesman said the [...] dismay was increased [...] fact that there were [...] 50,000 unfilled local au[...] posts.

Later this week, the u[...] to draw up a guide for b[...] on how to conduct disc[...] with council employer[...] announce cutbacks.

It is hoping to step [...] monitoring of individual [...]ties, and to field a te[...] travelling national office[...] can descend on troubles[...]

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
To-day	Laboratory Instrumentation Exbn. (clos. Dec. 3)	U.S. Trade Center, W.
Current	Custom Car Show (clos. Dec. 5)	Olympia
Nov. 30—Dec. 2	Electronic Displays Exhibition and Conf.	Mount Royal Hotel, W.
Dec. 6—10	Royal Smithfield Show and Agric. Machinery Exbn.	Earls Court
Dec. 7—10	Offshore International Exhibition and Conference	Nat. Exbn. Centre, B'h,
Dec. 7—10	Unit Load Show	Wembley Conf. Centre
Dec. 31—Jan. 9	Camping and Motor Caravan Exhibition	Olympia
Jan. 2—6	Cornish Gift Fair	Truro
Jan. 4—15	Model Engineer Exhibition	Wembley Conf. Centre
Jan. 5—15	London International Boat Show	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Electronic Industry Production (clos. Dec. 1)	Munich
Nov. 30—Dec. 4	Industrial Heating Trade Fair	Dusseldorf
Dec. 3—12	Dakar International Fair	Dakar
Dec. 4—12	International Woodworking Exhibition	Brussels
Dec. 7—9	Canadian Construction Show	Toronto
Dec. 7—11	Industry and Urban Pollution Control Exbn.	Paris
Dec. 7—12	Video Exhibition	Geneva
Dec. 11—19	International Caravan Show	Amsterdam
Jan. 8—13	Int. Carpet, Floor & Wall Coverings Exbn.	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Nov. 30	IBA: Democracy in Industry	Royal Lancaster Hotel,
Nov. 30—Dec. 1	Welsweiller: Politics or Economics	Café Royal, W.1
Dec. 1—2	ESC: Finance and Credit for Industry	Cumberland Hotel, W.1
Dec. 1—2	Metals Soc.: The Human Factor in Plant Operation	Royal Garden Hotel, W
Dec. 1—3	MGE: International Finance Conference	Geneva
Dec. 1—3	Frank Jefkins: Planning Press Relations	Connaught Rooms, W.C
Dec. 2	Assoc. Certified Accountants: Insolvency	Hotel Russell, W.C.1
Dec. 2	Tax & Prprty. Serv.: Moving Funds Around Europe	Inn on the Park, W.1
Dec. 3	City University: Issues and Mergers	Gresham College, E.C.2
Dec. 3	Euro Study Confs.: Tax Reform in the U.S.	London Hilton, W.1
Dec. 6—8	Brunel Univ.: Recent Devs. in Economics	Uxbridge, Middlesex
Dec. 6—10	Bradford Univ.: Production Scheduling Workshop	Heaton Mount, Bradford
Dec. 6—10	Kepner-Tregoe: Decision Making for Senior Man.	Royal Bath Htl., Bourn
Dec. 7	RIIA: Iran 1980-85. Dev. Problems and Challenges	Chatham House, S.W.1
Dec. 7	Staniland Hall: Five-year Business Forecasts	Carlton Tower, S.W.1
Dec. 7	ICMA: Inf. Accounting and Co. Reports	Midland Hotel, Birming
Dec. 7—8	Financial Times, Petroleum Times, Society for Underwater Technology, Institute of Petroleum, Ocean Energy: Oil in Deeper Waters	Birmingham Metropole
Dec. 7—9	Marketing Imp.: Managing People	Ulster House, N.W.1
Dec. 7—8	W. D. Scott: Manpower Planning	Swindon
Dec. 8—10	Inst. Chtr. Accts.: Capital Transfer Tax	Cambridge
Dec. 9	Br. Shippers': Carriage of Dangerous Goods by Sea	Café Royal, W.1
Dec. 9	IPS: Subsidence in Residential Property	Royal Lancaster Hotel,
Dec. 10	Business Southwest: 1977—The Way Ahead	Torquay
Dec. 12—16	Urwick: Management in Research & Development	Slough
Dec. 12—17	BACIE: Producing Training Packages	Crest Motel: Beaconsfie
Dec. 13—14	Financial Times and Investors Chronicle: The Economic Outlook—1977	May Fair Theatre, W.1
Dec. 13—16	Inst. Careers Officers: Unemployed Youth	York University
Dec. 13—17	P-E Cons. Grp.: Purchasing & Inventory Man.	Training Centre, Eghan
Dec. 13—17	Roffey Park: Management-Human Aspects	Horsham, Sussex
Dec. 13—17	Matchett: Prod. in Home and Export Markets	Leeds
Dec. 13—17	IPM: Employment Law	Park Court Hotel, W.2
Dec. 13—17	Harry Mitchell and Partners: Motivation	Beeston, Notts.
Dec. 14—15	PBIS: Procurement	London Press Centre, E
Dec. 14—17	Computer Power: Prog. for Data Base DL/1	Cannock, Staffs.
Dec. 15	ESC: Pricing & Getting Paid for your Exports	Tara Hotel, W.8
Dec. 15—16	Financial Times and Investors Chronicle: Inflation Accounting: The Proposed Standard	Royal Lancaster Hotel,
Dec. 16	Henley Centre: Exchange Rate Movements to 1981	Carlton Tower, S.W.1
Dec. 16—17	LAMSAC: Computers and Environmental Health	Leicester
Dec. 20—22	Leicester Poly.: Computing and People 76	Leicester
Dec. 20	Man. Trng. Cons.: Successful Supervision	Richmond Hill Hotel
Dec. 20—21	BIM: Man. Accounting for Non-Fin. Managers	Parker Street, W.C.2
Jan. 5—6	G.K. Tutorial: Programmed Learning Seminar	Post House, W.2
Jan. 6	Interface: Practical Statistics for Gen. Man.	Post House, Reading

The Executive's and Office World

EDITED BY JOHN ELLIOTT

Post office is facing increasing criticism of the way it controls the use of ain's telephone system. Christopher Lorenz explains the debate so far

'elephone monopoly under attack

THE next few months, vernment's Post Office Committee will have to whether to support one most controversial pro- it has received from a of influential business ations. The proposal is e Post Office's monopoly e provision and ma nten- f subscribers' telephone us should be broken.

organisations calling for happen include one of 's three main equipment rs Standard Telephones oles and what is probably ost influential group of s telephone users in the telecommunications rs' division of the Insti- Administrative Manage- plus the Confederation of Industry.

they are demanding s to a removal of the power tomonopolise the n of some types of ter- quipment such as simple ne handsets and small exchanges. They also considerable relaxation P.O.'s right to approve or ove — and therefore to - the attachment to the network of a range of evices such as push-but- ones or large private ges.

would create a situation he lines of the U.S.s' nnect" market which is al free-for-all and has encouraged by the authorities since 1968. owever, it is being chal- in the U.S. Congress by Bills which would give the market back to the s monopoly, the Bell

dical change

e are many reasons why ny organisations are ling such a radical in the U.K. These a view that the P.O. ly is holding back the ment of a large market dern, sophisticated and led telephone apparatus ng from push-button with memories to com- computer - controlled, exchanges (PABXs). gument is that more free- f choice for the customer be beneficial both to ality of his communica- and to the well-being of mpanies which make the nent.

business users now pro- about two-thirds of the telecommunications re- the Corporation can ignore the views of the munications managers' which includes represen- from 300 of the largest sses in the U.K. It hese managers who, at 1975 annual conference, he first to call for a type "interconnection" in For possibly the last efore the Review Com- decides its policy, the was hotly debated again entry last week at this conference.

most fundamental issue in the debate, from the point of view of the business user, was outlined at the conference by Mr. C. Box-Grainger, from the Telephone Rentals group of companies. He talked in general about telephone "carriers" (a term which covers all the different sorts of organisations which provide telephone services round the world, like the Post Office in the U.K.). But then, with his British audience in mind, he complained that while businessmen were constantly required to change and innovate, they were forced by monopoly regulations to depend on a telephone carrier which was bound by inertia.

The carrier's policy was usually geared to providing a wide and standardised level of basic public service, he said—implying that those (business) customers who needed a more specialised and less basic form of service received too little consideration. Moreover, Mr. Box-Grainger argued, the carrier's interests in terms of finance, training and maintenance were best served by preserving the status quo, rather than promoting change.

By virtue of its structure, the carrier could not react to the sheer speed of technological development to-day. "Not surprisingly, the carrier often takes up a defensive position and seeks support from the politicians and the ranks of organised labour," he declared.

Cool approach

He also counselled a cool approach from the professional communicator and the experienced contractor who knew that full "interconnection" had to come about eventually. But two areas were important for study and agreement. The first was how far to go in protecting the telephone network from technical interference from the new types of apparatus which the carriers' customers would use if given the chance. The second was the degree and type of certification necessary to protect both user and the carrier, and to inhibit fly-by-night "interconnect" suppliers.

Most of the telecommunications managers group would agree with Mr. Box-Grainger about the desirability of something approaching full U.S.-type "interconnection," though maybe with better consumer protection against suppliers who provide unserviceable equipment.

But few of the group's members can be confident that they will ever be able to buy or rent their choice of equipment on the open market and have it maintained by whoever they choose.

Terry Kirk

Examples of STC equipment which are only available abroad because of the Post Office's monopoly in the U.K. include the loud speaker phone (centre) flanked by two repertery diallers.

The last Conservative Government contemplated such a move but Labour politicians and the unions would resist any step which smacked either of denationalisation, or of new competition with a nationalised industry.

Whether the P.O.'s line would change if the Review Committee supported the "interconnect" proposal remains to be seen. But the conference was left in no doubt about the firmness of its current stance by the marketing director of P.O. Telecommunications, Mr. F. G. Phillips.

In a written paper to the conference, Mr. Phillips questioned many of the points made by Mr. Box-Grainger and others in favour of an "interconnect" market. So far as the customer's interest in responsiveness to change was concerned, he promised more forceful P.O. marketing in future. As to complaints that customers' choice of equipment was over-restricted by the P.O., he pointed to the recent growth in the design of approved private exchanges (PABX), and to the range of telephone instruments which already gives 30 choices. The P.O. was also considering giving approval to the designs of several of their suppliers.

Some members of the group argue that the range of 30 instruments should be increased to 300, and that, in any case, it takes the P.O. far too long to approve those designs it does accept. This means that the British office manager can never have as good a product as his counterpart in the U.S., Canada or even some of the European countries.

Mr. Phillips was also negative about the argument that the Post Officeitself would benefit, rather than lose, from handing over part of its business in this way to the private sector. Mr. Box-Grainger claimed that in countries where "interconnection" had been introduced, the freedom of choice had stimulated "communications awareness" among business subscribers, and encouraged them to make more calls—with a consequent increase in the carrier's revenue. Some carriers estimated an increase of 14 per cent. a year, he said. But Mr. Phillips countered that, even without an "inerconnect" market, Britain had a higher calling rate than any European country except Denmark. This showed there was no lack of "communications awareness."

Mr. Box-Grainger also echoed the evidence of Standard Telephones and Cables to the review committee by suggesting that the adoption of "interconnection" would benefit the carrier in other ways, particularly by relieving it of the financal burden of purchasing and installing equipment, and of holding expensive stocks of spares. Mr. Phillips admitted in his paper that the apparatus supplied and installed for customers by the P.O. cost it about £90m. in 1975-1976. But he pointed out that this also generated income, and hence funds, for investment. He did not attempt to quantify both sides of the cost equation, however.

Mr. Phillips went on to underline one of the most controversial arguments in the current U.S. debate. This was that private enterprise might be able to provide some installations more cheaply than the carrier, but that such selective creaming off could only increase the carrier's costs, and therefore put up charges for the rest of its customers.

But the P.O. official was most emphatic on a theme which the U.S. Bell System has also singled out in its current campaign against "interconnect"—the "integrity" of the telephone network. Commenting on suggestions that the P.O. should provide only a network to which people could connect their own apparatus, Mr. Phillips argued that the telecommunications network was not analogous to a gas or electricity supply grid. A faulty customer installation could interfere with other customers' use of the system. This could not happen with a badly designed, installed or maintained gas or electric appliance.

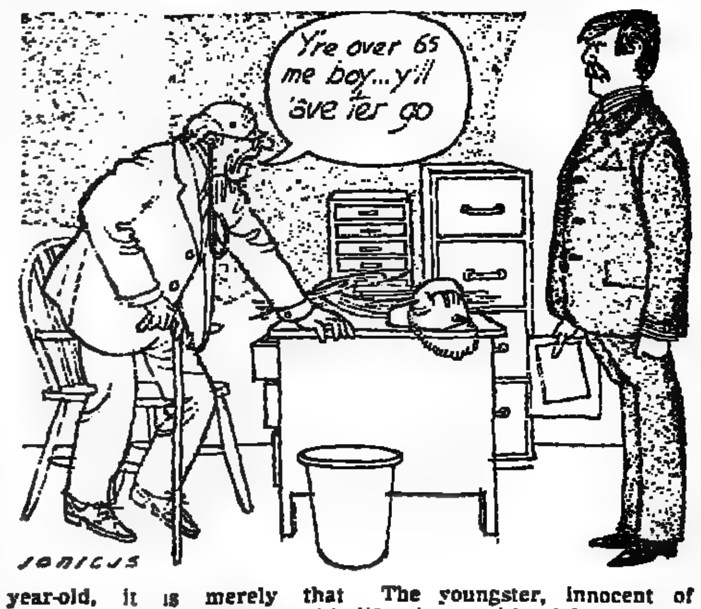
A satisfactory application of protective devices between customer apparatus and the network would add substantially to the cost to the customer, he maintained, in view of the wide range of different designs which would be needed—and which would each have to go through a certification process.

Another argument quoted by Mr. Phillips to support continued P.O. control was that, as technology advanced, technical functions at present carried out in exchanges and other parts of the public network might become more cost-effective if they were carried out within customers' premises. "If these trade-offs are to be fully exploited responsibility for all parts of the system, including customer apparatus, must remain with the P.O.," he said.

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

Harnessing aged wisdom



IN ONE of the Dr. Who adventures (which I unashamedly enjoy), an exceedingly complicated machine collects and memorises all the knowledge and wisdom of great men so that it is not lost when the owners die. In real life we do not have such invaluable devices with the result that when the wise die, only their writings, and perhaps their visual or oral images, are left to posterity.

Worse still, we deliberately deny ourselves the benefit of wise men long before they die by putting them out to grass at the age of 65 although many of them are physically and mentally sound and still have much to contribute to their companies or professions and to society.

That which is so wantonly cast out is wisdom. But what is meant by wisdom? I like to think it is a distillation of intelligence and wide experience.

Thus it follows that nobody who lacks either of these ingredients can possess wisdom, a fact that is hotly disputed by bright young men whose teeth are snapping at the heels of the seniors they strive to overtake or displace. Not infrequently, this very lack of wisdom leads to a dramatic fall down the ladder, sometimes with dire results to those they carry with them.

I must stress that when I speak of intelligence I do not mean cleverness. A computer is clever but it is incapable of acting in a novel way under unique circumstances because it is not intelligent. Now there are many arguments on the question of measuring intelligence, but most reasonable workers would agree that the IQ does not fall significantly until senility supervenes. When conducting IQ tests which include a time factor, allowances must be made for age. This is not because the man of 40 is less intelligent than a 16-year-old, it is merely that experience is interfering with his efforts.

For example if one of the questions involves elementary arithmetic, the boy does not hesitate in dashing off the right answer. The man, however, having been caught before, is suspicious of the simplicity and wastes time searching for a trick before answering correctly. By so doing he loses time and therefore answers fewer questions and inevitably scores lower than the boy. He is in fact displaying wisdom in his score, not stupidity.

Physically of course the older man is at a disadvantage. His strength is less and his reflexes are slower. But stamina and endurance do not lie in flesh alone. Cast three men aged 18, 50 and 75 adrift in an open boat and see which will survive the rigours and hardship of shipwreck. The oldest man will surely succumb first but, despite his physical advantages, the 18-year-old may well be the next. The explanation for this seeming anomaly rests with psychological attitudes.

The youngster, innocent of life, starts with high optimism of an early rescue. The middle-aged man has lived long enough to be dubious about frequent miracles. After many days the boy gives up all hope of ever being saved but the survivor, having experienced the many thorns and pitfalls of life and how he has escaped most of them, has an emotional fortitude that may prove far more valuable than mere strength of body when put to the test.

Now these arguments are not intended to advocate the employment of old fools in high positions in the professions or industry. They are merely to urge that men and women of wisdom, provided that they are fit and willing to continue to contribute their talents, should not be cast aside simply because they have reached the so-called retirement age. Subject to annual assessment, including medical examination, they should be encouraged to use their priceless intelligence and experience to train those who possess the former gift, but can only acquire the latter.

THE FINANCIAL TIMES
Established 1888
Incorporating THE FINANCIAL NEWS
Established 1884
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026
[illegible]
MONDAY, NOVEMBER 29, 1976

A change of direction

Slowly and painfully, the Cabinet is getting around to discussing the terms which this country will have to accept in order to secure the loan from the International Monetary Fund, a large slice of which is needed immediately to repay the central bank credits drawn since last summer. It does so against the background of forecasts, none of which is really worth the paper it is written on. Economic conditions in this country have changed so dramatically for the worse in the past three years or so that forecasts which cannot be based on anything other than past relativities or sheer guesswork are very little help in formulating policy.

Not unnaturally, the advice being given by economists varies as much as the forecasts. In this situation, it is crucial that policy decisions must pay regard to fundamentals. The most important of these is that the Government must meet the requirements of the creditors and of the market place. This Government has one more package left in it. Its lack of credibility alone rules out the possibility of doing what it has been doing since it took office, taking measures which did not go far enough at intervals of a few months.

The objectives

If it errs, therefore, it has to err on the side of safety. There are any number of ways in which policy can be eased and eased quickly against a background of restored confidence if the situation warrants it. What matters is that the Government *must* convince external and internal opinion alike that it does give priority to the two avowed objectives which it has set itself, the lowering of the inflation rate and the encouragement of the production of saleable goods and services.

The creditors will certainly demand that monetary targets should be set. They are as aware as we are that the general world economic climate has shown signs of deterioration in the past few months. It is in their interest as much as in ours that we should not go into a needless depression. Equally, it is in their interest that the U.K. does not come running back for more emergency help almost before the ink on the Letter of Intent is dry. And they do have the formidable lever that quite apart from the IMF loan they are being asked for even larger sums for the funding of the sterling balances.

Given the current uncertainty, it would be foolish to go for a fixed set of monetary targets. Much more appropriate would be flexible guidelines which set a monetary expansion rate which would be kept at all times some one to two percentage points below the going rate of inflation. That this would in the short term lead to unemployment higher than it otherwise would be there cannot be any doubt. The Prime Minister himself warned last week that this was the outlook for the months ahead.

Employment effect

The question is where any additional unemployment should fall, in the productive or the non-productive sectors of the economy. If the Government is unwilling to cut back its own spending, then either the financing of its borrowing requirement will impose intolerable strains on financial markets with interest rates which are bound to hit hard at investment and lead to a run down of stocks, or it will have to raise taxation and choke off private demand and private sector output that way. And in that context it must be remembered that industry already faces an extra bill of £1bn. a year in the shape of higher national insurance contributions.

A cut in Government current expenditure on the other hand, though it would also have a direct employment effect, would as an offsetting factor ease the monetary pressures on the private sector. It would mean seeking greater efficiency in the public sector and, to the extent that that cannot be achieved, some cutback in services. But can anyone seriously maintain that the vast increase *in real terms* which we have seen in recent years has really led to a commensurate improvement in the standard of services provided? The cuts which are needed are not only an emergency measure for the coming fiscal year, they should be maintained thereafter thus representing a permanent shift in the balance between public and private spending.

It is no good pretending that the Financial Times any more than anyone else knows what in some absolute sense should by rights be the magnitude of the Government cuts. But we believe that *genuine* cuts in current spending of some £1.5bn. would carry conviction, especially if they were backed by other measures which demonstrated beyond doubt that this Government had finally learned that a country cannot defy the dictates of markets while relying on the bounty of others for ever.

Regrettably, it is even at this late hour probably too much to expect that the Government will abandon such totally irrelevant if not positively harmful measures as the nationalisation of the shipbuilding, shiprepairing and aircraft industries, the extension of scope for local authorities' direct labour organisations or the plans for ramming what look likely to be ill-judged "industrial democracy" proposals through Parliament. But at the very least the Government can do something to restore incentives to produce.

The tax burden

The expenditure cutbacks and the adoption of monetary targets — to be achieved by steady funding rather than by a series of disturbing jerks — should be accompanied by a first shift of the overall tax burden from direct to indirect taxation. Any increase in indirect taxation must have a once-for-all effect on the retail price index. On the other hand it would not merely restore incentives but help to bring some rationality back into a situation where those on low wages have to pay tax in order to finance benefits—larger than their earnings—for others.

If the Chancellor were to raise £1.5bn. in indirect tax, offsetting this by an equivalent reduction in income tax—concentrated very largely on raising tax thresholds but leaving something over to lower the highest rates of tax on earned incomes — he would persuade the private sector at home and those whom he is asking for loans that the Government had really changed direction and had done so in a manner which set us on the road to a lasting recovery. He would have no further worries about confidence, because he would have earned it.

The delayed revival of the world economy and difficulties in prospect with the trade unions have forc
Australia to devalue against Government intentions. **Kenneth Randall** reports from Canberra.

Australia puts over the helm

THE BEST face that could be put on the Australian economic indicators in recent weeks has been sufficiently dismal to make a change of strategy clearly imminent, yet none the less the 17½ per cent. devaluation has come as a surprise. The modest upturn predicted so confidently by the Government since the budget in August simply did not materialise, and the prospect of its doing so now has looked more and more forlorn in the light of conditions in the rest of the world.

Throughout this year the Government has chosen to differ from just about everybody else in maintaining that devaluation was not inevitable. The Prime Minister, Mr. Malcolm Fraser, and his Treasurer, Mr. Phillip Lynch, stoutly maintained that with success in controlling inflation capital inflows would avert devaluation. But Mr. Fraser and his Cabinet never appeared quite certain whether they still believed in an investment-led recovery, which they promised throughout the election campaign a year ago, or whether they believed that increased consumption was the key.

The contradictions had become too marked to ignore by the end of October when Cabinet considered the state of monetary policy and budget objectives in the context of a series of options presented by the Treasurer. An extraordinarily detailed account of that Cabinet meeting was leaked to the Press, suggesting very strongly that senior Ministers, including Mr. Fraser himself, were not nearly as determined in opposing devaluation as had been believed.

According to this account, which has not been effectively denied, some Ministers inclined to a devaluation and an easier monetary policy. It was reported that they were brought into line only by a stern lecturing from Mr. Lynch and, perhaps more important, the likelihood of a public rift between the Government and the Reserve Bank.

So the Cabinet settled for a standard package of measures to let interest rates rise and to squeeze credit in keeping with its established strategy. The Government seemed content to leave it at that until the New Year.

But the leaks did immense damage to the Government's credibility in holding a hard line against devaluation. The effect was possibly even more marked upon potential foreign investors than upon the domestic business community.

The resumption of a substantial capital inflow has been fundamental to the Fraser Government's strategy, which has been dictated almost solely by the Treasury. Soundings in the past three weeks, however, finally convinced the Government that once so many doubts had been created that the capital inflow would not resume without an adjustment of the exchange rate.

The Government has accepted an enormous loss of political face. But on top of that it may have to go further still. The condition of much of the manufacturing sector is such that even a 17.5 per cent. devaluation will not make its products competitive either internationally or against imports on the home market.

Manufacturers have been pressing more for a direct stimulus to the domestic economy than for devaluation. Their reception of the Government measures was more one of apprehension about the effects on wage costs than of enthusiasm for the potential help to exports.

The Australian Government has no direct power to control wages: that is the province of the Arbitration Commission which is prepared to be heavily influenced at times by the Government's economic management considerations, but not to be ruled entirely by them. Under Mr. Gough Whitlam's Labor Party Government, 18 months ago, the commission was persuaded to adopt as a stabilising measure a system linking wage levels to the consumer price index (CPI) on the basis of quarterly reviews. It accepted the idea with a number of qualifications. One of them provided that the full rise of the index would not necessarily be passed on to every level of wages on every occasion—though that was how the unions chose to interpret the scheme.

Juggling acts

Twice this year, at the urging of Mr. Fraser's Government, the commission has declined to pass on the full CPI rise. Instead it chose to give lower wage earners the full benefit, tapering it off for others by a series of juggling acts. By last week when it came to the wage review on the basis of the CPI rise in the third quarter, the Arbitration Commission was forced to recognise that the so-called "indexation" system was on the verge of collapse. Several of the biggest unions with a majority of members well above the average earnings level were prepared to break away and return to the use of direct industrial pressure in their wage bargaining if they did not get the full rise of 2.2 per cent. Rather than take that risk, the commission granted the full rise.

Sir John Moore, president of the commission, summed up its dilemma in his judgment. The unions, he said, threatened industrial chaos if the full rise was not passed on; the Government threatened economic chaos if it was. The Government had had the best of the two previous judgments, and there had been no measurable benefit to the economy. Now it was time the unions had a turn.

When the next wage case comes along based on the subsequent quarter, the argument will be about a rise exceeding 4 per cent., largely as a result of increased contributions to Medibank, the national health scheme, which took effect from the beginning of October. The commission will be back in its cleft stick unless the Government and the unions can come to some compromise about wages policy, no matter how limited. At present there is no prospect of a compromise being reached. The two sides seem determined to deal with each other through a series of week by week confrontations. To-day's policy decisions make a softening of attitudes even less likely since they limit the Government's room for bargaining—if the inclination to bargain is there.

Key union leaders, including Mr. Robert Hawke, the President of the Australian Council of Trade Unions, have indicated their willingness at least to proposals involving wage restraint in return for some increase of current spending power, possibly by cutting indirect taxes.

Measures of that sort, however, are not likely to follow close on the heels of a policy package like yesterday's—not unless, that is, the rifts within the Government go much deeper than has been generally supposed. One former Minister on the Government side has in fact been arguing for steps calculated to make wage earners spend their money rather than put it straight into the bank and keep it there. There has been no sign of significant support for this proposition, but it could develop.

Mr. Fraser with his record majority in Parliament has no great need to worry about loss of political face at this early stage of his term. But the same is not true of many who make up his inflated majority on the back benches. If the new policies do not work quickly enough these members will be back early next year clamouring for a stimulatory mini budget.

Dramatic speed

What "quickly enough" may mean in this context is by no means clear. Unemployment has stabilised in the past three months at 286,000 (4.7 per cent.), but it will rise again in the next few weeks with the end of the school and academic year unless the new policies work with dramatic speed. It is acknowledged on all sides that the current quarter offers no chance for reducing the inflation rate (because of the Medibank factor). Interest rates are going up again, and money will be tighter even as the Government plans further cuts of public spending.

In his announcement of devaluation Mr. Lynch said the Government now considered that various sectors of the economy, particularly manufacturing and primary industries, were being forced to bear "an undue and indeed unfair" burden which should be relieved to some extent by devaluation. "This adjustment of the (exchange) rate will instil confidence in both these economic sectors, leading to greater activity and more employment," he said. That remains to be proved. The manufacturing sector, as one observer put it recently, remains "deeply sedated," and its immediate reactions were not good from the Government's viewpoint.

Mr. Lynch still insists that the Government's primary objective is to bring inflation under control. He still insists that recovery must be gradual if it is to be sustained. Neither proposition offers much hope that it will quickly lift manufacturers' confidence since it is obvious and admitted that the latest moves will also increase domestic prices and costs. It may be significant, however, that these propositions are practically all that remain of what was until yesterday a consistent policy from the Treasury and its Minister. Like some of its other components, including unbending opposition to devaluation, they could also disappear in the near future.

Two weeks ago Mr. Fraser acted single-handed and without warning to take away much of the Treasury's exclusive power to advise the Government on economic policy. He split the department in two, creating a new Department of Finance to look after financial evaluation of Government spending and to supervise other departments. A much slimmer treasury is charged with general policy formulation and a beefed up economic policy division within the Prime Minister's Department will provide the qualitative assessment of Government spending and the final advice on priorities and strategy.

The rearrangement is far from complete at this stage, but there can be little doubt that more power over eco policy has moved int Fraser's department. Th further centralisation authority in the Prime ter's hands, but it shoul mean a freer flow of in tion and views withi Government, giving more in critical decisions to ments such as Overseas National Resources, In and Commerce, and B and Consumer Affairs. frequent if less dramatic changes may be expected

Australian external payments
(Selected items; $U.S. million)

	Jan.-June 1976	Jan.-June 1975	Year 1975	Year 1974	Year 1973
Goods, services and transfers	−541	+19	−502	−2,552	+462
Long-term capital	+407	+618	+528	+863	−671
Short-term capital	+20	+76	−50	−194	+146
Reserves	+55	−360	+992	+1,627	+303

Source: International Financial Statistics

Flexible policy

Mr. Fraser has always l that in every aspect of his Government is flexib also said bluntly last ye ever since that a full thr term of office would be to get the economy bac an even keel.

But his Government m jeopardised a good deal credibility necessary f confidence building exer

Five basic assumptions lay the Budget last Aug

1—That the general st monetary policy would al banking system to me needs of the economy being "less than fully modating to inflationa mands." As from to-d until the end of the fi year it will be a ver tougher stance than tha

2—It was assumed tha from the Budget itself would be no new measures. The Governm been forced to dep some extent from this already despite its e drive.

3—The budget assum requirement for sig change in Australia's e economic policies" an there would be a co moderate recovery in economies. Both assu have disappeared fro sideration.

4—It was assumed seasonal conditions permit little if any incr aggregate farm productio has proved all too true an production is unlikely t any contribution to the growth rate.

5—Finally, it was a that some form of wage tion and some measure restraint would continue end of the financial Neither is assured.

On that basis, the ment will have a hard making the new policie

MEN AND MATTERS

Leading Italy's 'new Right'

What do General Kutusov, Franz Joseph Strauss and Jimmy Carter have in common? Nothing, except they are the political heroes of a new phenomenon in Italian politics. Massimo de Carolis is a 37-year-old baby-faced Milan lawyer who has just become boss of the Milan Christian Democrat party machine and leader of the Italian "new right."

Kutusov was the Russian general who burnt down the city of Moscow and turned Napoleon's hoped-for triumphal entry into one of history's major Pyrrhic victories. Strauss has just split the West German Christian Democrat alliance to push his more conservative anti-socialist line nationally, and Carter won the presidency by outflanking his own party machine and putting together a new majority.

With disarming lack of modesty, de Carolis plans to do the equivalent of all three. His plan is to press the Christian Democrat party into dropping its present flexible policy *vis-à-vis* the Communist party whose abstention in parliament is required to support Prime Minister Giulio Andreotti's minority Christian Democrat Government, and go into opposition if need be, leaving the communists to govern an Italy "with the lire at 1,200 to the dollar, hungry and in the dark," as de Carolis puts it.

It is a scorched earth vision of Italy's political future which caused convulsions both within his own party and the communists. He did not help matters by scathingly criticising the current party structure for not understanding that its traditions as a provincial Catholic party were outmoded and had to be replaced by the image of an "urban industrial, European party."

"We're not even runners up!"

He faces disciplinary action, but is unlikely to be gagged as he continues his efforts to fan the rightward reaction against recent leftist gains. De Carolis first gained notoriety in the early 1970s as one of the principal organisers of a series of demonstrations in Milan by "Maggioranza silenziosa," the Italian equivalent of Mr. Nixon's silent majority. He next hit the headlines two weeks before the regional elections of June 1975 when a group of urban guerrilas called the Red Brigades burst into his office, shot him in the leg and spray-painted their red star trade mark over his office walls. On the strength of the publicity and sympathy this brought him, de Carolis gained a massive vote in the city elections and then moved on from strength to strength to become an MP at the general elections last June.

This gives him a power base in his own right, backed up by the whole-hearted editorial support of the conservative Milan daily *Il Giornale* under its fiercely anti-Communist editor, Indro Montanelli. But the Christian Democrat party is sophisticated at digesting mavericks and it will be interesting to see just how far the party is willing to be captured by this abrasive new crusader from the north.

More book news

My determination to counter the publication-pushing campaigns of the likes of Edward Heath and Harold Wilson continues, and leads now to John Brooks, who declares merrily that several of his readers "keep on writing in asking the best place to buy grass and meet friendly girls. We tell them we just can't help them." Brooks is just completing his second decade as librarian and researcher with Bank of London and South America, now part of Lloyds Bank International, and he was talking about the fifth annual issue of the Latin American Handbook to appear under his editorship, which has just been published.

It is the oldest and most comprehensive guide to Latin America and the Caribbean, and also one of the more unusual of travellers' handbooks. Its 23,000 circulation ranges from executives to what Brooks calls "the younger traveller trying to make a dollar last two days." (The latter, presumably, being the grass and girl hunters.)

The handbook has a large network of volunteer correspondents who supply information like the best places to eat in Chichicastenango or how many days you will have to wait if you miss the Manaus river steamer. Brooks is particularly proud that his contributors have included Graham Greene who "once sent us in a fascinating item about a museum in the Atacama Desert."

Amin complains

So President Idi Amin has declared himself king of Scotland and has promised to turn up for independence celebrations. That is something for Edinburgh to look forward to; in the meantime, it seems the bizarre Ugandan leader and the Government in London could be heading for another argument.

This time it revolves around a consignment of 140 troop carriers from Britain which Amin claims are being held up in Mombasa Harbour in Kenya. It is a tale with several loose ends: asked about the alleged sale, the British Ministry of Defence says briskly: "We never discuss sales"; and the Kenyans deny any such vehicles are at Mombasa.

As reported on Uganda Radio, Amin has pleaded with the port authorities to release the carriers and send them to Kampala. "We need the carriers urgently to transport goods to market," he said. "They are not intended for aggressive purposes."

The U.K. may yet be drawn into this dispute because Amin has declared: "If the carriers are not found Uganda will ask Britain for a refund so that others can be bought and sent through another route."

Observer

FINANCIAL TIMES SURVEY
Monday, November 29, 1976

Scotland

The boom conditions that were to have been created by the emerging oil industry in Scotland have failed to materialise fully. The signs are that the economic recession is deepening at a time when the debate on devolution is moving towards its crucial stage.

Recession develops despite oil

By RAY PERMAN, Scottish Correspondent

'HE beginning of 1976 it ot difficult to find quite a people who were not only istic about economic pro- for Scotland, but who also fairly cheerful. There still some optimists d, but few of them are g.

essions always hit Scot- hard, but this time there reasons to think that the ;e would not be quite as ive as usual. Oil seemed an industry that was not bothered by the economic lasts that were chilling one else, and while pro- n elsewhere was dropping, hose firms serving the Sea the work kept g in.

rybody knew that it would st for ever, but there was fident feeling that oil- l activity would bridge the o recovery and enable nd to start the climb back a higher base than in us troughs.

deniable

is undeniable that the is was broadly correct. f the few indicators avail- f the health of the Scottish ny, vis-a-viz that of the s a whole, the unemploy- rate, testified to the power and the rate relative to .K. as a whole improved ably up until last month, the turnround in October, Scottish unemployment 150,400 on the seasonally ed figure (6.9 per cent.), while the U.K. seasonally adjusted figure dropped, illustrates the changed situation that has caused concern.

Regular surveys by the CBI in Scotland, the Glasgow Chamber of Commerce and academic commentaries have remarked on the slackening in the rise of production and sales since the first quarter of the year and a general replacement of confidence by caution.

There seem to be two major reasons why the Scottish economy is not making the improvement that was hoped for. First, the oil industry has had problems of its own and, faced with increased costs for exploration and production on a scale unforeseen by anyone, has been extra cautious in ordering new hardware. Secondly, the cuts in public expenditure and the expectation that more could be coming, have already forced some redundancies and are threatening many more. Local authorities have estimated that as many as 10,000 employees may have to be paid-off, and some sectors of private industry, notably construction, are extremely worried.

With a service sector proportionately larger than that in the U.K. as a whole, and dramatic increases in the number of public employees over the past few years, Scotland can expect to be hit particularly badly by cuts in Government spending. In manufacturing there are structural factors which will both help and hinder Scotland. The heavy reliance on capital goods has traditionally meant that economic recovery has lagged behind that of the country as a whole, but balanced against this must be the proportionately higher exports to overseas from Scotland.

Government policy, encouraging the export sector while keeping home demand depressed, and the added edge given to British products abroad by the fall in the value of the pound have meant a bonus for those Scottish companies which were able to sell a lot or all of their production outside the U.K.

Two illustrations of this are the Scotch whisky industry, which is beginning to feel the benefit of the recovery in the U.S. economy after a long depressed period, and the Clydebank firm of John Brown Engineering, who expect to finish the year with an export order book of £100m. for gas turbines, compared with just £12m. last year.

There are conflicting views about the short-term prospects. The Scottish Office remains reasonably optimistic, although it has modified its view slightly since the summer. It now hopes that unemployment will remain steady over the next few months, rather than rising any further and will then begin to fall. On the other hand the Fraser of Allender Institute at Strathclyde University—among the most pessimistic observers of the current Scottish scene—predicted in its last quarterly commentary that unemployment would go on rising, reaching 153,000 in January and 156,000 in April.

An industry by industry review gives few reasons to prefer the brighter picture to the grey one. The present depression in oil-related work is not expected to lift until at least the second quarter of next year when several oil companies have indicated to the Government that they intend to place orders for platforms again.

That may be too late for some companies. Redpath Dorman Long (North Sea) at Methil, Fife, was the first Scottish yard to run out of work and has already announced that 1,200 jobs will be lost if no new order is forthcoming by February.

The current Department of Energy estimate is that three or four orders will be placed during 1977, but that number may not be enough, and they may not come soon enough to prevent redundancies in some yards. Highland Fabricators at Nigg and McAlpine at Ardyne Point have already started looking for work outside the oil industry.

Outside platform building, other companies have also felt the effect. One of the most dramatic was the latest lay-offs by MK Shand at Invergordon, who gave notice to 230 men at the end of October after failing to secure a new order for pipe coating work.

Shipbuilding continues to provide the Government with a big headache. Although orders won by Scott Lithgow, Yarrows and Govan shipbuilders recently helped the situation, some yards are running out of work and redundancies could begin before the end of the year. The Government has made a pledge to the yards that it will ensure there are no major collapses on the scale that the Clyde has seen in the past, by providing bridging finance until the new nationalised shipbuilding corporation is vested. But this is unlikely to prevent some lay-offs as individual berths become empty. Some associated groups have already run into trouble. Alexander Stephens, the Glasgow and Leith ship repairers, and John Hastie, the steering gear company, both announced last month that they would be calling in the Receiver.

In heavy engineering the scene has been depressed by the news from Babcock and Wilcox, which warned in August that redundancies would have to start among its 10,000 employees at Renfrew unless the Electricity Generating Boards placed a new power station order soon. Rolls-Royce has also had problems with a long-running strike and sit-in over the plan to close its Blantyre factory and transfer the labour force to Hillington.

Good news came from both the Weir Group, which announced it intended to spend £8.5m. modernising Weir Pumps plants in the Glasgow area, and John Brown Engineering, which decided to go ahead with a £2.4m. investment programme postponed from 1875. Car, truck and bus building has had a generally good year in Scotland, with the announcement of the Iran order for Chrysler at Linwood and the agreement of an extensive investment plan for Leyland's Albion Motors works.

But elsewhere in manufacturing the announcements that most frequently made the headlines were gloomy. National Cash Registers at Dundee said that it would be paying off 600 workers, continuing a rundown that has been in progress since the changeover to decimal currency: Personna announced the closure of its Glasgow razor blade factory, and Standard Telephones and Cables said that there would be a heavy loss of jobs from its Scottish factories because of a lack or orders from the Post Office.

Traffic

For once the worst news came from the private sector rather than the public for the nationalised industries have had a reasonable year. New steelmaking processes came on stream at Ravenscraig, British Rail began the redualling of the main line into the Highlands in response to increased traffic for the oil industry, and the National Coal Board announced the discovery of a new rich coalfield under the Firth of Forth.

Long-term prospects for Scotland are still uncertain and to a large extent bound up with its political future. The devolution debate, which is about to begin in Parliament, could have as significant an effect as the outcome of the next general election.

Political decisions may affect such proposed projects as the development of downstream industries making use of oil and gas, the massive integrated steelworks planned at Hunterston and the future role of foreign investment in Scotland.

THE DEVOLUTION DEBATE

Political nightmares

THE DEVOLUTION Bill announced in the Queen's Speech is expected, as all the world knows, to take up most of the Parliamentary time not allotted to the Budget between now and next summer. Even for a government with a healthy majority and much political stamina this would be a formidable undertaking. For the Labour Government in its present condition, buffetted by economic difficulties, racked with internal strains of all sorts and possessing no more than a majority of one in the House of Commons, it looks like being a nightmare.

The Government is driven on, however, by the worse nightmare that it fears would ensue if the Bill is not passed. The Prime Minister and Mr. Michael Foot, like Sir Harold Wilson before them, have both been sceptical in the past of the need for a devolution exercise at all; but they have been converted by the judgment of the vast majority of the Scottish Labour Party and the Scottish trade unions that without a large measure of devolution rapidly enacted, an irrevocable slide to Scottish separatism would take place. In the first instance this would lead to the annihilation of the Labour Party by the SNP in a serious number of industrial Scottish seats. This would nationally be made worse in the context of a Conservative resurgence in the country as a whole. In the longer term, Scottish independence would mean a permanent Conservative majority in the Westminster Parliament.

The calculation is couched here in narrow Party political terms. This does not mean that wider considerations of national interest do not enter into the equation. An endless series of difficulties ranging from the EEC to North Sea oil and fishing at once become still more hideously complicated if the Scottish dimension is troubled and obscure. And there can be very few politicians of either two main parties who would not feel that the break-up of the Union was a major national setback. At the same time, there is not much doubt that it is Party political dangers which give the air of desperation to the Government's present handling of the Scottish question.

Mr. James Callaghan on his recent visit to the old Royal High School building in Edinburgh, proposed ho[...] of the Scottish Assembly. With him were Mr. Bruce Millan, Scottish Secretary (on his right), and Mr. Ha[...] Ewing, a Scottish Under Secretary.

The chances of the Bill being passed into law are, in my opinion, about fifty-fifty at present. The problems faced by the Government's business managers are neatly balanced by the problems of putting together a coalition of opposite sides. Given the present disposition of parties in the House of Commons, this leaves the whole operation balanced on a knife edge.

Motives

The Second Reading debate probably in mid-December is the first hurdle. A defeat in this discussion of the principle of devolution would obviously bring the whole exercise to a halt; and the Government is faced with a threatened revolt of about 70 of its own back-benchers. These are predominantly English MPs of a relatively recent intake. Their motives for opposition vary. A few, like Mr. Tam Dalyell, the redoubtable member for West Lothian, believe that the best way to tackle Scottish nationalism is head-on and regard devolution as weakness and appeasment which will only feed the appetites of the SNP. Others like Mr. Eric Heffer, the Tribunite member for Liverpool, Walton, take a straightforward English nationalist view that devolution will mean more money for Scotland and therefore less for the English regions. Still others, of a younger Left-wing vintage, are resentful of the time being devoted to the Devolution Bill which ought in their view to be spent on meeting Socialist pledges of the last election manifesto.

The chances are that if Mr. Foot, who is piloting the Bill, appeals for loyalty in the middle of a crisis and lays on a three-line (that is, the strictest) Whip he could probably hold this rebellion to not more than 30 abstentions. He can rely upon the support of the Liberals, the Scottish Nationalists and the Welsh Nationalists as well as his usual handful of allies among the breakaway Scottish Labour Party and the Left in Northern Ireland. On this basis the Government can probably beat the Opposition fairly comfortably even if (which is by no means certain) all the Conservatives voted against the Bill and were joined (illogically) by the Ulster Unionists in force.

The thing most likely to make things come unstuck at this stage would be, paradoxically, a deepening of the division which already split the Conservative Party on this issue. These are, of course, already formidable. The Scottish Conservative Party, fearful of the SNP, is in favour of devolution. The English Conservative Party, being robustly nationalistic in a no-nonsense way and spying the election advantage which would accrue to them from further SNP advantages in Scotland is, by and large, opposed. A few English Conservatives on the liberal wing of the party and led by Mr. Edward Heath, believe that devolution is the best way to save the Union and Mrs. Thatcher although deeply sceptical of devolution herself has inherited and repeated Mr. Heath's pledge to a Scottish Assembly.

The compromise reached earlier this summer to paper over these divisions was that the Party should stick to its promise of an Assembly, though in a minimalist form, and attack the Government's devolution proposals for Scotland, and even more for Wales, on the grounds that they go too far. The precarious nature of this agreement has been obvious throughout; and it has been put about by Mr. Heath's friends that he was seriously considering voting with the Government in its second reading. Rather than allow this deeply embarrassing event to occur, with all its overtones of the Thatcher versus Heath split, the leadership up to a week or two ago were seriously considering allowing the Conservatives a free vote. If this intention is adhered to it may cause the Government difficulty since Labour rebels will then pluck up courage to go their own way, while the Conservative pro-devolutionists would probably not, at best, amount to more than 20.

The arrival of Mr. Francis Pym and Mr. Teddy Taylor in the Shadow Cabinet after the reshuffle ten days ago seems likely to harden the Conservative line. Mr. Pym is a sceptic on the substance of the issue and, as an ex-Chief Whip, does not much like free votes. Mr. Taylor is the most ferocious anti-devolutionist in the Scottish Conservative Party, and possibly in the entire House of Commons, and his voice though only one of 23 in the Shadow Cabinet must affect the argument to some extent. But beyond the attitudes of these two men themselves, their appointment suggests that Mrs. Thatcher wishes to take a more aggressive line against the Government and is not prepared to except the devolution issue from the Party struggle for any statesmanlike considerations.

Difficulties

Assuming that the Second Reading is carried successfully, it is this factor which is likely to cause the most serious difficulties during the committee stage. The Conservative Party is now in business to harry the Government and since the Devolution Bill is the only available field for exercising this strategy, that is where the harassment will take place. The Committee Stage of the B[...] be taken as a committee [...] whole House, with all the [...] tunities that this provi[...] filibustering, attrition [...] tactical ambuscades. It i[...] more difficult to kee[...] morale of Governmen[...] porters up through long [...] with division bells ringi[...] everyone being obliged [...] near the House. If, as is [...] many of them to-day, th[...] ernment troops do no[...] their heart in the fight, [...] becomes doubly difficult.

Faced with this prospe[...] Government have some c[...] their sleeve, but it is no[...] certain how many trick[...] will take. The first is to [...] to impose a timetable [...] passage of the Bill. Th[...] servatives will argue [...] guillotine is outrageous [...] constitutional bill of thi[...] and though the governm[...] retort that the Conservati[...] the same to the Europea[...] munities Bill — a ma[...] equal, if not greater c[...] tional importance — th[...] ment will certainly give [...] ents on all sides an ex[...] rally in full force agai[...] Government. A gu[...] motion would, in short, b[...] more difficult to pass th[...] the Second Reading.

Concessions

There remain possib[...] cessions of substance [...] easiest at first sight wo[...] for Mr. Foot to buy off [...] the opposition on his ow[...] by providing for a refe[...] to take place in Scotlan[...] the Bill is complete but [...] it receives Royal Assen[...] Labour opponents of dev[...] have been demanding th[...] mixture of reasons. Th[...] culty about it would be[...] would undoubtedly [...] escalation of demands [...] sides for a referendum [...] conducted in England [...] as Scotland and Wales [...] no-one can be all at [...] fident what such a refe[...] would show. However, [...] progress is made with [...] there are indications [...] limited referendum mi[...] pushed in to help thing[...] along.

The equivalent atte[...] placate Conservative [...] would be to drop the [...] clauses from the Bill [...] to be revised in a separ[...] later. The Conservative[...] (even those members [...] enthusiastic about [...] devolution) are unanim[...] seeing no merit or urg[...] the Welsh proposals a[...] vote against them with [...] fervour. The prospects [...] more urgent Scottish [...] would be much improve[...] Welsh sections disappea[...] far, the Government ha[...] adamant against this, bu[...] Bill became badly bogge[...] by the spring who know[...] might not be thrown [...] coach to lighten the loa[...]

David [...]
Political [...]

Leading campaigners

George Reid

"THE ASSEMBLY is a stepping stone to independence — make no bones about that. Where the devolution process stops will be decided by the Scots people not Parliament."

George Reid, MP for Stirlingshire East and Clackmannan and the SNP's spokesman on devolution expresses the party's separatist objectives bluntly and eloquently.

And, in many ways, he epitomises the speed and scale of the changes that have swept the political scene in Scotland. He only joined the SNP in 1973 after 15 years as a member of the Labour Party. Less than a year later, in a whirlwind campaign of raucous razzmatazz, he stormed one of his former party's strongholds.

Evangelising with the zeal of the converted, he has been accused of encouraging the extremists of the Tartan Army. But his skill as a communicator — he is a journalist and one-time head of Scottish Television's current affairs programmes — has been an invaluable asset to the SNP.

Reid has contributed more than that, however. Within three months of his appointment as party spokesman on housing, health and social services in 1974, he produced a persuasive policy document for tackling poverty in Scotland. Since then he has been closely involved in the party's wider range of policy decisions.

Hard, alert, a social democrat with an eye for power and political realities, Reid represents the younger, pragmatic and managerial element that has given Scottish nationalism the cutting edge which Plaid Cymru still needs to sharpen its literary and cultural force.

Many see him as a future Prime Minister of Scotland—and Reid, himself, has a clear view of the political scenario that is most likely to ensue "once the dead hand of the Treasury is removed from our country."

The SNP, he believes, will become the natural, social democratic party of government with a militantly socialist grouping to its left and a Poujadist Tory rump on the right.

He has no doubts the day will come. "The movement is now past the point where it can be fobbed off with half measures," he asserts. But his electioneering panache is tempered with native caution. He is in favour of supporting the Labour Government in office to begin the devolutionary process rather than risking an election and the threat of a Tory Government calling a halt.

Not all his colleagues agree. But the odds—and Mr. Callaghan's hopes—are that they will.

Jim Sillars

SOUTH AYRSHIRE takes its socialism for granted, it is said. But the Labour Government discovered last year that it could not do the same for the constituency's MP, Jim Sillars.

Among the earliest opponents of nationalism in Scotland, Sillars was also one of the first to abandon the attitude that the SNP could be defeated by merely ignoring it.

With John Robertson, MP for Paisley, he broke with the Government in protest over the White Paper proposals which he regarded as an inadequate response to the demands for devolution. "If the U.K. Labour Party continues on its present course," he warned, "it will drive more and more people into the SNP not because Scottish people are separatists but because they will be driven there in despair."

Tough, pug-nosed and as cheerfully independent as his predecessor, Keir Hardie's son-in-law, Emrys Hughes, Sillars is prepared to sacrifice—has probably already done so—a lifetime of loyalty and a promising future in Labour politics in an attempt to change the Government's course.

The son of an engine driver, born in Ayr, he gained early political experience in local government and as a union official. He was a full-time Labour agent in the 1964 and 1966 General Elections and later became head of the organisation and social services department of the Scottish TUC.

Highly regarded by the long-serving Labour Secretary for Scotland, Willie Ross, Sillars entered the Commons at a by-election in 1970.

And, though on the party's Left-wing, was generally believed to be earmarked for early promotion until the Government's defeat a few months later at the General Election ended that speculation.

During Labour's years in Opposition he became a key figure in persuading the Scottish Party to accept a policy of devolution to an elected Scottish Assembly.

But after the Government's draft proposals, with other dissidents, he last year formed a new Scottish Labour Party pledged to seek a Parliament in Edinburgh with wider economic and industrial powers and separate representation in the EEC.

For a time the move threatened to cause serious damage to the official Labour Party's position but the breakaway party's credibility has declined sharply since its recent conference was disrupted by warring factions.

Sillars, who resigned the Labour whip in the Commons because of the public spending cuts and now faces the prospect of having to fight an official Labour candidate at the next election, has continued to cast his Commons vote to maintain the Government's precarious majority at Westminster.

The threat of its withdrawal is the last card he was to play in the hope of winning some of the concessions for which he has staked so much.

Tam Dalyell

IN SIX successive parliamentary elections in West Lothian since 1962, Tam Dalyell has defeated the chairman of the Scottish National Party. Combined with his unrivalled record of success as a campaigning Commons backbencher, his presence now among the leading anti-devolutionists commands a slightly apprehensive respect among Labour Ministers.

More Government policy pretensions have been punctured by his persistently pointed questioning, more doubts engendered by his dogged resistance than by many a more flamboyant revolt against the Government whips.

"Quite a lot of my party's previous mistakes were due to a failure to think things through," he once said—and Dalyell's reputation has been founded on his single-minded determination to push the Government into accepting the logic of his conclusions.

His individuality is pronounced. He is the only Old Etonian in the Parliamentary Labour Party and still somewhat surprised to have been chosen to represent a mining constituency.

A former teacher, his angular and austere appearance radiates a reflective discipline: his coldly concise interventions accentuate his purposefulness. "I never give up if I think I'm right."

Dalyell read history at Cambridge but his interests since entering politics have primarily been scientific—and it has been his expertise in this field that has led to some of his most admired campaigns.

Perhaps the most famous was that against the Labour Government's plan in 1967 to spend £20m. in turning the Indian Ocean atoll of Aldabra into an RAF staging post.

Dalyell produced evidence that the proposal would cost five times that amount, destroy rare fauna, and in 70 Commons questions doubted its defence advantages.

"Why should the Government spend £20m. to disinherit the Pink Footed Booby?" Dalyell asked — and rallied enough international scientific as well as popular support to ensure the scheme was abandoned.

Some of Dalyell's causes may have been fringe issues—where Government neglect was more apparent—but none have been irrelevant. Some have sprung, like his campaign for the withdrawal of British troops from Borneo, from a constituency complaint into central political questions.

Though Parliamentary private secretary to the late Richard Crossman, who extended the Common's Select Committee system, Dalyell remains a sceptic about their effectiveness. He was dismissed from membership of one of them after a row over his too-inquisitive probing into germ warfare.

He has been too much of a maverick, even if not a rebel, to get a Government post. But his backbench colleagues have elected him to office in the Parliamentary Labour Party and he works more easily than he once did as a member of a group.

No one will underestimate his contribution to the anti-devolution movement.

Malcolm Rifkind

IN ADOPTING its still uncertain official stance on devolution, the Conservative leadership has leaned heavily on the support provided by Malcolm Rifkind, the slightly-built MP for Edinburgh Pentlands.

The party's balance may yet be impossible to maintain through the strains and stresses that will be imposed on it in this Parliamentary session.

The Conservative policy statement, The Right Approach, runs hurriedly through 300 words on the subject, scarcely suggesting a positive certainty in its sense of direction. Nor did the protective screening of the policy from gusts of criticism at the party conference indicate much confidence in its stability.

Rifkind—vice-president of the Scottish Young Conservatives under the anti-devolutionist Iain Sproat and a junior Tory spokesman in the Commons on Scottish affairs with, until recently, the anti-devolutionist Edward Taylor—has at least ensured that the general attitude remains one of measured caution which can afford some slight adjustment without risk of total collapse.

Educated at Edinburgh University where he was chairman of the Conservative Club, he exhibited a precocious talent for politics. After two years lecturing in the subject at the University College of Rhodesia, he returned to Scotland in 1969 to become chairman of the Thistle Group—the Scottish equivalent of the Bow Group—and, at the age of 23, the youngest Conservative Parliamentary candidate in the country.

Rifkind was elected to Edinburgh Council in 1970 but was defeated by Labour in the General Election contest that year in Edinburgh Central. Entering the Commons for the neighbouring Pentlands division in February, 1974, Rifkind quickly established his reputation as an intelligent and liberal backbencher and less than a year later made his debut on the front bench with a much-admired 30-minute speech without notes.

Though an inveterate contributor on a host of subjects in newspaper correspondence columns; a consistent critic of the Rhodesian regime; and an indefatigable inquisitor in the cause of such esoteric constituency questions as the rate of value added tax on sporrans, Rifkind's major political preoccupation has been devolution.

As chairman of the party's advisory committee on the issue, he has modified some of his original demands for "a devolution of substance . . . genuine local government free from the shackles of Whitehall and St. Andrew's House."

And others, such as his call for proportional representation in the elections for the Scottish Assembly, and an all-party alliance to fight separatism, have been stifled.

But without Rifkind's persuasive pressure, the party would have been less likely to make even the minimal concessions it now offers to soothe the Scottish malaise.

John Mackintosh

SOMEONE ONCE said that though there were successful politicians in France who began life as professors, in Britain they all appeared to have been politicians from birth.

It is a sentiment on which John Mackintosh, 10 years after leaving the Chair of Politics at Strathclyde for a seat at Westminstur, may sometimes ruefully reflect.

When he gained Berwick and East Lothian from the Tories in 1966 to help provide the Wilson Government with a firmer base in the Commons, few had any doubts that he would make the transition from political theorist to practitioner with ease.

No backbench newcomer at the time looked better qualified for rapid advancement to Ministerial office. Educated at Balliol, the product of a middle-class Scottish background, Mackintosh had lectured on government in Nigeria and on politics at Glasgow before being appointed Professor of Politics at Strathclyde. In 1962, he had published what has become the standard work on the British Cabinet.

In his constituency, he quickly built up the biggest local labour party in Scotland: no mean achievement in an area where, Mackintosh recounts, he was once informed by the butler on one aristocratic doorstep: "My lord has no politics. I am chairman of the Conservative Party, but you may have some support in the kitchen premises."

In the Commons, his intellectual clarity was matched by a facility for debating speeches.

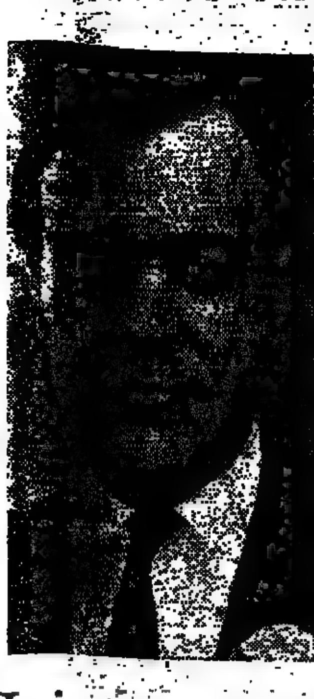
But Wilson, in spite of his own academic leanings, constantly passed over the undoubtedly brilliant if occasionally prickly and egoistic professor to choose men of lesser capability for even junior posts.

Perhaps nothing wounded quite so much as being ignored when the Government finally began to formulate its devolution proposals. Mackintosh wrote his first articles on the issue nearly 20 years ago and his book, Devolution of Power, a highly literate blend of academic argument and passionate propaganda, in 1968 provided a vital stimulus to the devolution movement.

Mackintosh has continued to preach the cause with enthusiasm; to win converts to the Government's proposals.

But increasingly disappointed and disillusioned by life at Westminster, he has drifted gradually into the sort of discomforting role on what was the Jenkins wing of the party that the late Richard Crossman once occupied among the Bevanite left. Identified with the intense pro-EEC and other politically moderate views of the group, he has yet never seemed to fit comfortably into its context.

Overlooked again by Callaghan, his rebellion against the Government's Dock Work Regulation Bill was both unsurprising and uncharacteristic. The fact that Mackintosh enjoyed it suggests that he is preparing to cut his ties with Westminster and turn to future and hopefully more fruitful attachments when the Scottish Assembly is established.



Iain Sproat

IAIN SPROAT spent some months in the Sixties studying guerilla tactics in Mozambique and Kurdistan and suddenly emerged from the Tory backbenches this year to apply the lessons in some bitter political skirmishes with the Government.

The Committee of Privileges is currently considering whether his savage attack on some Labour left-wingers as "crypto-Communist fifth columnists" was a contempt of Parliament.

Earlier in the year, the Tory MP for Aberdeen South, secured the headlines and the unrelenting hostility of the Labour rank-and-file with a running campaign against social security "scroungers."

And he has become one of the leading anti-devolutionists on the Conservative side of the Commons, helping to rally an aggressive opposition which, in the Keep Britain United movement, now reinforces the Tory Party's Unionist traditions.

Sproat's militant and unexpected emergence from relative obscurity has rapidly established his political reputation—though even some of his colleagues believe he has been living too dangerously to survive.

But, though only 38, he is no political novice. The son of the headmaster of a prep school in Melrose, he was educated at Winchester and Oxford and turned to politics and journalism after graduating. Seeking the Tory Party candidature in Orkney and Shetland, he was invited to speak at a meeting after a gale had prevented the arrival of the invited guest.

Prominent Scottish Tories were so impressed that Sproat was promptly selected to defend Rutherglen in the critical by-election which preceded the 1964 General Election.

Labour took the seat and held it with an increased majority later in the year, but Sproat took his revenge in 1970 when, succeeding Lady Tweedsmuir as the candidate in Aberdeen South, he regained that seat for the Tories.

It is one of the few Scottish seats where the SNP has made little impression and he held it, despite the paring of his majority to a mere 365 votes, in the 1974 elections.

Articulate and intelligent—though in Labour's view he is "a silly little man"—Sproat has until recently played a minor role on the backbenches. He was briefly secretary of the Scottish group of Tory MPs and, despite his staunch anti-Communism, an active member of the all-party Anglo-Soviet group.

He describes himself as "a radical centrist"—a definition which gives him the scope to assault with equal enthusiasm the Welfare State and the House of Lords; to show deference to both Sir Winston Churchill and Mr. Edward Heath; and to oppose devolution and encourage detente.

These profiles were written by Philip Rawstorne

Variety of views

GOVERNMENT PROPOSALS

1. A directly elected legislative assembly of 150 members with an executive and chief executive.
2. Power over local government, health, social work, social security, education other than universities, science and the arts, housing, planning, roads and transport, development and industry, law.
3. Power over trade and some economic power, such as selective assistance under Section 7 of the Industry Act, would remain with the Secretary of State.
4. Would be financed by a block grant: an original proposal for an additional surcharge on the rates has been dropped.
5. Secretary of State should remain in Westminster Cabinet and there should be no reduction of the number of Scottish MPs.

LABOUR PARTY

1. Agree.
2. Universities should be also under assembly control.
3. Agree, but Scottish TUC would like to see this as a starting point from which economic policy of assembly could be developed.
4. Both party and unions believe there should be some additional form of revenue raising power, independent of Westminster, but no proposals yet on how it should be managed.
5. Agree.

CONSERVATIVES

1. Assembly should be another chamber of Westminster Parliament with 142 members but without an executive, which would make it too bureaucratic and too expensive.
2. All matters now the responsibility of the Scottish Grand Committee should be responsibility of Westminster.
3. As above.
4. In favour of block grant, but still undecided about revenue raising.
5. Agree.

SCOTTISH NATIONAL PARTY

1. Assembly should be chosen by alternative vote system of proportional representation with an additional 50 members added from party lists, similar to West German system. Chief executive should be called Premier or Prime Minister.
2. All economic powers short of currency controls, should be responsibility of Assembly, which should also have control over universities, energy policy, agriculture and fisheries.
3. As above.
4. Assembly should be responsible for all revenue raised in Scotland, including oil revenues, and should pay Westminster a block grant for common services.
5. Agree.

LIBERALS

1. Agree there should be an assembly, but as a first stage to Federalism. Members should be elected by single transferable vote system of proportional representation. Chief executive should be called Prime Minister.
2. All internal policies, including trade and industry, agriculture and fisheries and energy should be under control of assembly. Equivocal about universities.
3. See above.
4. Assembly should be responsible for all revenue raised in Scotland, including oil revenues, and should share them out with the U.K. through a joint exchequer Board.
5. Would accept a reduction of MPs at Westminster. Probably believe there should not be a Secretary of State at all.


Two views of the historic city of Edinburgh, which may soon be cast in a new role.

The interest builds up again

AFTER A long wet summer when Scotland listened with irritation to reports of the heat wave in the south, attention is turning again to devolution. "The great debate" may be a novelty in London, but it has been underway in the north for years, and during the parliamentary close season the national psychological defence mechanism switched off. The Prime Minister, obviously well briefed with the right devolutionary answers, seemed peeved when all he was asked about in Edinburgh and Glasgow was unemployment.

Because discussion has been underway for so long, some ideas which have appeared as new have been greeted with a certain world weariness. The referendum, which surfaced at the Labour Party Conference in September, was canvassed and talked through in the editorial and letters columns of The Scotsman six months ago, just as federalism is being canvassed and talked through now.

The calculations about House of Commons majorities for the Bill have been done and re-done and there is nothing to do but wait until Parliament has finished with it. The topics under discussion in Scotland now are what the Assembly will be like, what it will do and what it will lead to.

As it now appears, the Scottish Assembly will have about 150 members: two or three to be elected from each of the 71 parliamentary constituencies. Since the October, 1974, general election there has been a slight adjustment of the support for the three main parties, although nothing like the big swing to the Conservatives that there seems to have been in England.

The Conservatives, Labour and the Scottish National Party are running nearly level, and elections held now on the first-past-the-post system could mean a majority in the Assembly for any one of them. Small wonder that there is a growing amount of all-party support for the Assembly to be chosen by proportional representation.

Although professing absolute devotion to the democratic principle, there is no doubt that many of the politicians in favour of PR see it as a way of curbing the excesses of their opponents. An Assembly elected in that way would automatically throw up a coalition executive.

Candidates

Just who the Assembly members will be remains to be seen. All the parties have started thinking, at least tentatively, about drawing up candidates lists, and all say that the indications are that many people who have previously not been attracted either to Westminster or to local authorities will want to stand.

No MP has yet said that he will resign his seat and devote himself wholly to devolved politics, but it would be surprising if many of the present regional and district councillors did not sense the way the wind is blowing and opt to move one step up the institutional ladder to try for the Assembly.

I say "sense the wind" because the one policy decision that the Assembly could make which has been put forward from both the SNP and the Conservatives is that it should abolish the regions as one of its first acts. It would be a popular step, since the new local authority structure came into being in Scotland a year later than in England and Wales and has suffered badly from the new close scrutiny given to the growth of bureaucracy.

There is also a feeling that if the Assembly does not act quickly to kill off its main rivals for power, it will become nothing more than a clearing house—receiving its £2bn. block grant from London and dispersing it almost immediately to the local authorities to spend.

One of the Assembly's main weaknesses is that, as presently proposed, it would have no independent means of raising money. The original suggestion from the Government that it should be able to levy a surcharge on the rates was dropped after a public outcry, and ministers admit that they are in a dilemma about what, if anything, to put in its place.

Debate in Scotland has been fairly muted from everybody except the Nationalists. They want the Assembly to have North Sea oil revenues, which would be a way of ensuring that it was well supplied with cash without any pain at all to the Scottish taxpayer or ratepayer.

The Labour Party in Scotland has had informal talks with ministers, but although it wants to see the assembly with some financial autonomy, it is not yet sure how it should be done. Local income tax or a differential rate of VAT would both be highly unpopular with the electorate and involve costly methods of collection, and the other suggestion which has been discussed, some form of company tax, has too many loopholes. Scottish registered companies might be able to avoid paying it by having themselves re-registered in England, and anyway this would act as a disincentive to investment and run counter to the whole of the Government's regional policy. It is likely that the Government will wait until the Bill is in its Committee Stage before returning to the problem.

Some thought is also being given, both by the Government and the political parties in Scotland, to how the Assembly will function, and by the Civil Service about what its role is to be after devolution.

There will be some immediate differences from Westminster, one of the most noticeable being the committee system, which was first proposed by the Government and has received growing support. Committees of the Assembly are likely to have much more power than committees of the House of Commons to summon witnesses and formulate policy, and it seems probable that much more work will be done in them than on the floor of the house.

Information

The SNP wants the Assembly to be much more open than Westminster, with its proceedings broadcast and the Official Secrets Act replaced in Scotland by a right to information. It should also start work in the morning and avoid all night sittings.

The Scottish Office is already considering how it will transfer its various departments—home and health, development, economic planning and education—to the Assembly and trying to anticipate the permutations of change that might be suggested by the first executive. Only one thing seems certain: Scottish civil servants will remain part of the U.K. Civil Service—the Government and the unions have insisted on it.

The Secretary of State for Scotland will remain a member of the Cabinet, served by a much reduced Civil Service department. His key roles will be in administering trade and industry powers and in negotiating the block grant with the Chief Executive. This annual negotiation is the touchpaper that some people believe could ignite the political explosive. It is likely to depend as much on personalities as on the number of nationalists elected to the assembly.

Whatever the political colour of the Assembly there is going to come a time when it will demand more than the Cabinet is prepared to give. If Assembly men are merely the same old faces from the local authorities and the Secretary of State is as determined a man as Mr. Bruce Millan, who is presently in the job, then it is probable that Westminster will get its way and there will be grumbling, but no talk of breaking away.

The most difficult speculation of all is what the Assembly will lead to. The expressed hope of the Government and the Labour Party is that it will lead to better government of Scotland by extending democratic control over the already devolved administrative departments of the Scottish Office.

The implicit hope is that it will also satisfy the Scots' desire for more control over their own affairs and reverse the rising support for the Nationalists. It is a hope not shared by all of the Government's supporters or by the Conservatives, some of whom believe that it will have the reverse effect and hasten the break-up of the U.K. by provoking conflict between Edinburgh and London.

The SNP sees the Assembly as a step on the way to independence, although the party has taken a policy decision against deliberately exploiting conflict in the Assembly and wrecking it in order to demonstrate that nothing short of complete sovereignty for Scotland will do.

All tests of public opinion so far suggest that the Government might be right and that the Scottish electorate will not want to go beyond the Assembly, but that will not prevent the SNP from trying to coax them.

Ray Per...

FINANCE

Institutions move in

PROMPTED NO doubt by North Sea oil and gas activities, the institutional landscape in Scottish finance has become fairly crowded in recent years. The three Scottish clearing banks have been joined by National Westminster, the only London clearer without a Scottish connection as well as the Co-op Bank, the youngest of the British clearers. The County Bank, National Westminster's merchant banking subsidiary, is competing against Scottish branches of Morgan Grenfell, Hill Samuel, Singer and Friedlander, Henry Ansbacher, the Charterhouse Group, Grindlays (through the British Bank of Commerce) as well as the domestically owned banks such as Noble Grossart, the James Finlay Corporation, McNeill Pearson and the Bank of Scotland Finance Company, the Scottish clearer's substantial merchant banking subsidiary.

Then there are the foreign banks: Manufacturers Hanover Trust which opened a representative office in Edinburgh in September is the fifth U.S. offshoot and the eighth non-British one in Scotland (two of these are French and one, the Bank of Nova Scotia, is Canadian). The large, clearer-backed finance houses are all represented in Scotland which also accommodates four of the six biggest life offices as well as one of the major "composites" (General Accident) and several pension funds.

Scottish trustee savings banks have one-sixth of the total assets of institutions in this field and their newly-acquired credit facilities add spice to the already fierce competition for deposits.

About one-third of U.K. investment trust assets are held in Scotland, with 15 of these trusts holding assets of over £50m. on September 30—two of them over £100m. The largest group of U.K. unit trusts (Save and Prosper) is managed by Ivory and Sime, the Edinburgh investment managers.

North Sea involvement by Scottish institutions includes direct finance by the clearers—the Bank of Scotland is, in addition, a founder member of the International Energy Bank, consortia leader of funding of the Piper and Claymore fields, offshore financing institutions such as North Sea Assets (managed by Noble Grossart), Scottish Offshore (James Finlay) and Mariner Oil (McNeill Pearson) exploration groups and oil-based trusts. The total finance generated in Scotland, including commitments, must be well in excess of £500m.

Defensive

The arrival of National Westminster with its merchant banking and international subsidiaries just a year ago would almost be described as a defensive measure to protect the bank's substantial business in Scotland. It was prompted as much by the existing Scottish interests of its rivals, Midland's ownership of Clydesdale, Barclays' 35 per cent. stake in the Bank of Scotland and Lloyds' 16 per cent. in the Royal Bank, as by the growing number of foreign bank branches, particularly those of the Americans.

The fact that over 100 U.S. corporations have branch factories as well as major oil interests in Scotland and tend to conduct their international transactions through the Scottish (or London) branches of headquarter banking contacts was certainly a factor in National Westminster's move.

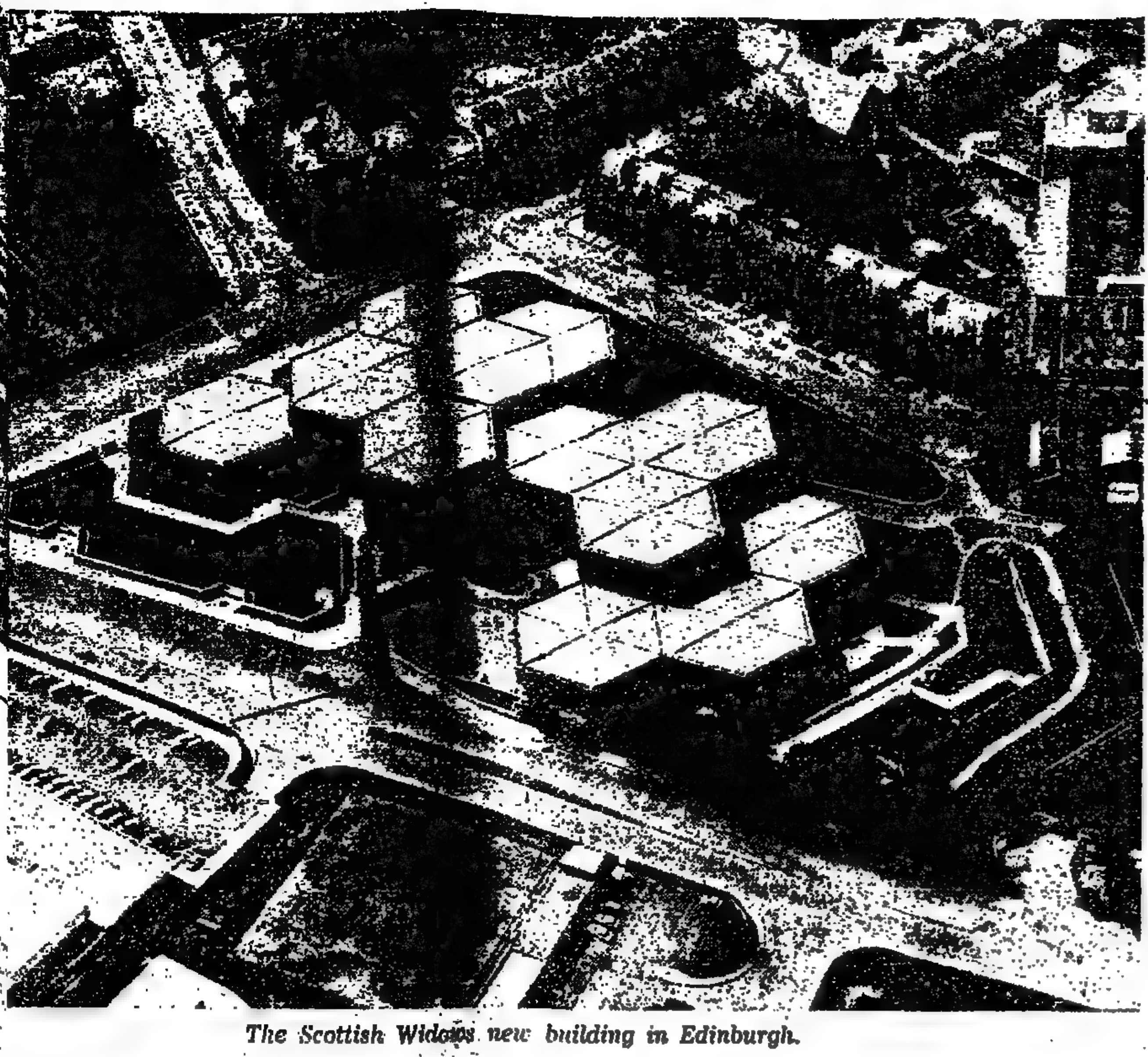
Of course in the over-the-counter business National Westminster cannot hope to compete with the Scottish banks (its two branches, in Glasgow and Edinburgh, with a third one in Aberdeen being investigated compares with 1,450 of those others scattered across the length and breadth of Scotland). It is certainly fighting hard on the corporate side, by providing generous overdraft and other facilities. Moreover, it is competing in a market which apart from its restricted size is overshadowed by the continued economic recession.

Owing to the high volume of North Sea activity, Scottish industry weathered the initial stages of the current recession better than the rest of the U.K. but it now appears to be lagging behind the recovery in the south. Moreover, such recovery as Scotland may have experienced in the first half of this year, is, according to the Fraser of Allander Institute's latest commentary, fading, with no improvement expected in the first few months of 1977.

This is reflected in the virtual standstill in bank advances and a noticeable apprehension in financial circles about the effect of the continuing high interest rates. In a way, Scotland's status as an assisted area (a large part of it a special assisted area) reduces industry's borrowing needs through the available development grants, interest relief grants, selective loans and regional employment premiums. On the other hand, these benefits tend to serve as a partial guarantee or collateral for bank advances.

The constitutional changes facing the U.K., including the establishment of a Scottish Assembly, is followed with keen interest by the institutions although it would be an exaggeration to say that these are among their most pressing problems. The proposals of the Labour Party's National Executive for nationalising a large

CONTINUED ON NEXT PAGE



The Scottish Widows new building in Edinburgh.

A bright spot amid the gloom

THE minor paradoxes present economic in Scotland is that sinessmen are express-ern about what the olds for industry and ing bitterly about in-nd interest rates, they investing in new plant hinery.

es for aid under the regional programmes n high and although it oon to look for hard o back up impressions, a widespread feeling pite the gloom invest-recovering strongly. If ression turns out to be will be the most ing factor in an other-ressing scene.

d has traditionally had rate of investment in uring and in recent s accounted for pro-ely more than its due total U.K. investment. he past ten years this y been less than 9 per the total, compared to of total output of per cent.

was a decline during hen capital investment acturing fell in money 21 per cent. and Scot-only 7½ per cent. of total. But the figure climbed markedly and had reached nearly nt. of the total.

ficial figures are yet for this year, but the department of the Council (Development ustry) reckons there been a recovery from ressed state at the g of the year sufficient the Scottish proportion total manufacturing nt to around 15 per

er this high rate can be sustained will depend on a num-ber of factors, many of which cannot be predicted with any accuracy at the moment. High interest rates are obviously hav-ing a depressing effect on de-mand for investment advances and some managements will want to wait until home demand picks up and sterling stabilises before committing themselves too heavily.

The surprising amount of in-vestment that is being made may be a reflection of the ex-tent of foreign ownership of Scottish manufacturing indus-try. It has been estimated that as much as 15 per cent. of manu-facturing is controlled from the U.S., for example, and Scottish branch factories may be benefit-ing from the earlier pick-up in the U.S. economy and the strength of the dollar.

Factory

Recent private investment has included a new factory at Irvine by the Rockware group, expan-sion by Marconi, the building of the first all-NI-Resist foundry in the world by a new company, Tayforth, a new rail terminal at Stranraer for a private con-tractor, and modernisation pro-grammes by engineering groups such as John Brown Engineer-ing and Weir Pumps.

One of the most important of short-term finance has been the Scottish clearing banks which, because of the relatively high rate of personal saving north of the Border, and the lower bad debt provisions, have remained liquid compared to their London counterparts. Over the past year there has even been a slight increase in deposits. The result is that the banks are able and willing to lend to good industrial customers—yet there has been a virtual standstill in advances to Scottish companies.

The depressed state of the stock market has also meant that it has been difficult for com-panies to go to the market to raise cash. The conclusion seems to be that much of the new investment that is being made is being paid for from com-panies' own resources.

Virtually all new investment in Scotland qualifies for Govern-ment assistance of some kind. The whole of the country now consists of either development areas, where new machinery, plant, buildings and works qualify for automatic 20 per cent. regional development grants, or special development areas, where the level of grant is 22 per cent.

Additionally there can be aid under the selective assistance scheme, interest relief on capi-tal raised from private sources, removal grants for companies moving into those parts of Scot-land which are special develop-ment areas, government fac-tories sometimes rent-free for up to two years, tax allowances and help from numerous other sources including the EEC.

The 1975-76 report on assis-tance given to companies under the Industry Act 1972 shows that the sum paid out under the heading selective financial assis-tance increased by £4.5m. to £28m., while regional develop-ment grants increased by £37m. to £98.5m. The number of jobs associated with offers of assis-tance was up by 3,700 to 19,900 and the total cost of all pro-jects assisted showed an in-crease of 60 per cent. over 1974-1975 in money terms, rising to £246.9m. There was also spe-cial assistance to the shipbuild-ing industry.

A new factor in the public contribution to manufacturing investment is the Scottish De-velopment Agency, which although not yet a year old, has already made a start on its role of encouraging investment in new plant and techniques. The Agency was set up with an initial budget of £200m. (with an extra £100m. in reserve) for a period of five years and recent policy statements by the Government have indicated that despite public spending cuts in other areas, the SDA's budget will if anything be in-creased.

About £120m. will be avail-able for direct investment in manufacturing, but much of the rest will contribute towards the encouragement of new industry in Scotland and expansion by existing companies through factory building. The Scottish Industrial Estates Corporation was taken into the SDA at its inception and the agency is now the biggest industrial landlord north of the Border, administer-ing some 24m. square feet of factory space.

Increased

Mr. Lewis Robertson, the SDA's chief executive, envisages likely maximum investments from the SDA of £5m. for in-dividual projects, but hopes that the total can be increased above this figure by the co-operation of established financial in-stitutions.

The Agency's first two acquisitions were Ranco Motors, which was bought out-right for £1.27m., and an 80 per cent. holding in a new company, R. L. Munro, to take over the knitwear interests of the Munro-spun group. The SDA has already said that it intends to put substantial injections of cash into both concerns.

Help is also available through the Highlands and Islands De-velopment Board, which can provide grants and loans and also has a programme of factory building. The National Enter-prise Board also has substantial investments in Scotland through the English-based companies it is involved with. These include Chrysler, British Leyland and Ferranti.

The five Scottish new towns also undertake their own pro-grammes of advance factory building and have been report-ing a high demand, particularly for units under 5,000 square feet.

There is general agreement that investment on a large scale is crucial to the future develop-ment of the Scottish economy and a number of very large pro-jects are proposed or underway. These include the massive oil terminals being built at Sullom Voe, Shetland and Flotta in the Orkneys, which will receive oil from pipelines from North Sea oilfields. A gas terminal is also being built at St. Fergus, near Aberdeen.

Other oil-related projects in-clude a new refinery to be built at Nigg on the Cromarty Firth by the American - owned Cromarty Petroleum, and a gas separation plant planned by Shell and Esso in Fife, British Steel Corporation is planning a £1.5bn. integrated steel works at Hunterston.

Ray Perman

ıstitutions

CONTINUED FROM PREVIOUS PAGE

the banking and insur-tor is more of a talking hough one should note would only affect the le Bank (through its parent) and General directly. For all that ish financial community inly against nationalisa-whether individally or not.

The Scottish financial ity, in spite of its long , distinctive charac-(such as on-call deposit and monthly rather ling interest payments) with local industry is uch part of the U.K. The London stakes in tish clearers has already entioned; moreover the life business undertaken tish societies originates and and Wales and so ich of the pension fund and, like the English ent trusts, the greater the Scottish portfolios of foreign, mostly U.S.

Talking of Scottish invest-ment trusts, the troubles of Atlantic Assets have stemmed from its sizeable stakes in Haw Par of Slater Walker fame (more than half of which has now been sold, at a loss) and the merchant bank Edward Bates.

Decline

Bate's decline was in turn due to losses in a Manchester-based insurance company (also sold at a loss) and in property loans, neither being Scottish business. One reason why so many Scottish insitutions con-tinue to operate from a Scottish base is the much lower cost; another is the excellent com-munications network whether by air, telephone or telex which largely offsets the disadvantage of physical distance from the City.

If devolution is not among Scottish finance's top priorities, the more distant prospect of self-government is barely men-tioned. Yet the Association of Scottish Life Offices has set up a committee to consider the implications and at least one investment trust manager has raised the question of the effect of possible exchange controls on trust activities in an indepen-dent Scotland. It is also said that foreign banks operating in Scotland are beginning to think about the consequences of a separate Scottish currency and central bank as proposed recently by the SNP.

These thoughts and consid-erations are not, however, fore-most in the minds of the execu-tives and managers in Scotland. What they are watching more anxiously is the economic barometer which led one to say recently that "1977 promises to be an even more frustrating year than the present one." He might have added that it could be a lot worse without North Sea oil and gas.

Andrew Hargrave

Although early expectations for oil industry employment and investment were over optimistic, and there has been a two year hiatus in the construction side, the picture is beginning to improve. It looks as though downstream activity as well as production may be centred in Scotland, and the whole economy will gain lasting benefits.

Development begins to look up

LATEST GOVERNMENT figures show that North Sea oil fields are already producing about 400,000 barrels a day, equivalent to nearly a quarter of Britain's consumption. Thanks largely to the upgrading of British Petroleum's Forties Field production rate, the output is a good deal higher than might have been expected at this juncture.

With the offshore gas fields providing virtually all the country's natural gas requirements, the Government might be able to achieve its goal of energy self-sufficiency before its 1980 "deadline."

The signs are promising but it is too early for the Treasury or industry to start counting their chickens. These are still early days in the development of North Sea oil reserves. Whereas BP seems to have turned up trumps with its Forties find it must also be remembered that Mobil had an uneasy time with the initial development drilling on its Beryl platform. Shell/Esso's Brent Field which, with estimated recoverable reserves of 2bn. barrels is the largest in the U.K. sector, is now on stream. But the start-up was later than planned. Several of the other fields still to come on stream also look like being delayed, for a number of factors.

Brent is the sixth U.K. field to produce commercial oil: the others are Argyll, Auk, Beryl, Forties and Montrose. Occidental's Piper field is expected to join them shortly. Next year the fields should be supplying the equivalent of half Britain's oil needs and by 1980 the group of 14 commercial oil fields should be yielding well over 100m. tonnes.

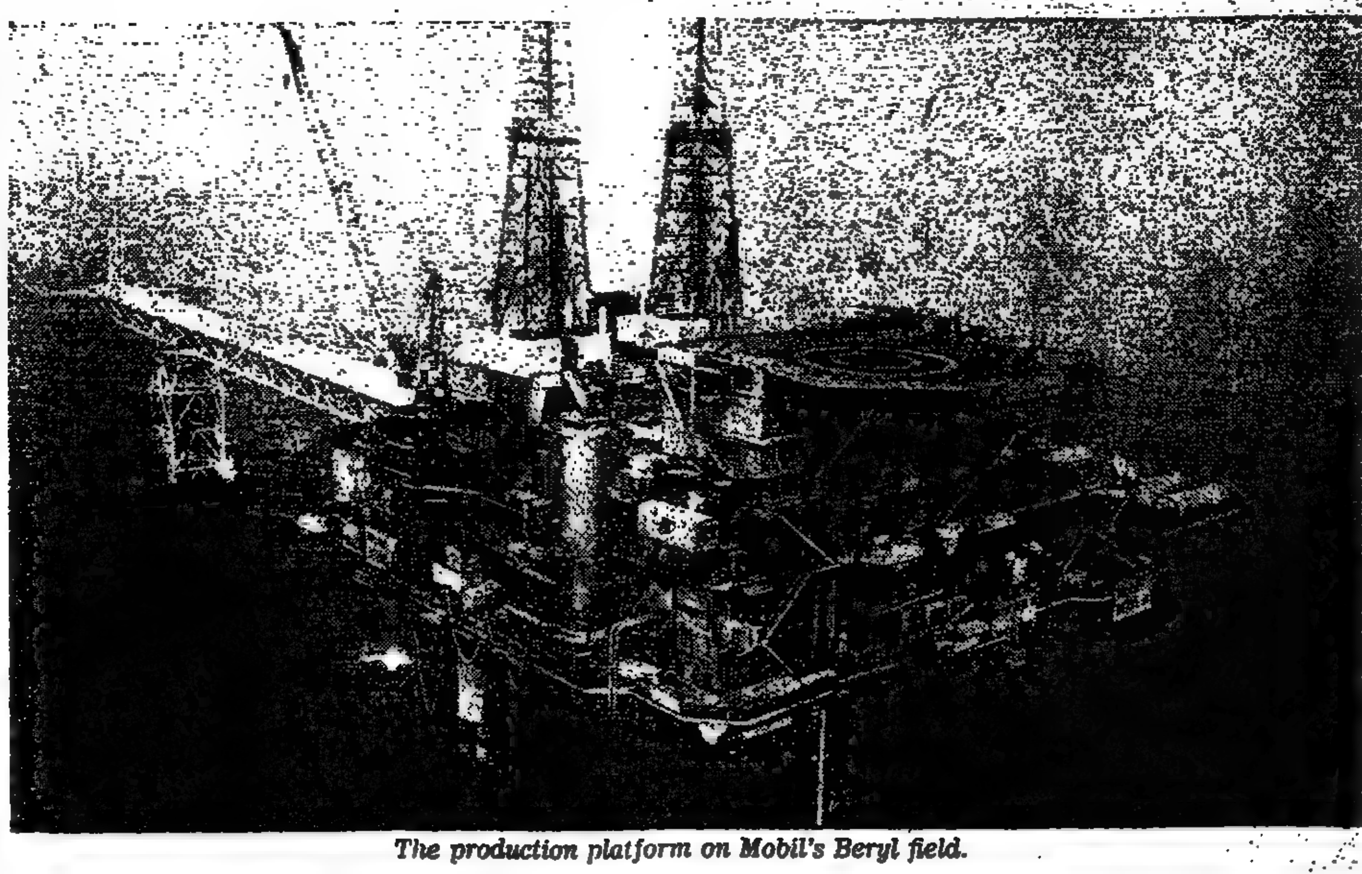
How long this level of production will last is a moot point. In a bold speech earlier this month Mr. Leslie Pincott, managing director of Esso Petroleum, described the offshore venture as "a mortgaged bonanza." Oil and gas production would reach peak levels in the mid-1980s, he said; after that Britain might still be facing economic collapse unless it improved its basic economic performance in the manufacturing industry.

Certainly production from the 14 fields will start tailing off in the mid-1980s unless some substantial new fields are brought on stream. Here is the rub: it is now over two years since the oil industry declared a discovery to be a commercial field — a two year hiatus that has hit the Scottish and North East England platform industry and myriad of offshore equipment suppliers.

Encouragement

There are encouraging signs that a new wave of development is beginning: Continental Oil has stated its intention to exploit its Murchison find, for instance. Providing the current testing programme goes well Transworld is likely to declare its Buchan Field commercial within the next few months. Other fields which may be given a similar designation next year include BP's Magnus find, Texaco's Tartan discovery and the Shell/Esso reservoir known as Cormorant Extension.

But the rate at which the fields are developed are dependent on a number of worrying factors. Can a commercial case be made out in the light of fast rising prices? Will the new technology needed for some of the projects be proven in time? Will Government legislation and state participation terms deter oil company head office directors — the ones that hold the purse strings for such massive investment programmes?



The production platform on Mobil's Beryl field.

Many of the political and fiscal uncertainties have been clarified by recent legislation but companies are still anxious to hear more definitive Government statements on refinery and depletion policies. Scotsman, Dr. Dickson Mabon, Minister of State for Energy, may have gone some way towards clearing the air over depletion plans when he answered points raised in a Scottish National Party pamphlet a fortnight ago.

The SNP maintains that with self-government "Scotland's oil" would be worth at least £1bn. a year and through depletion controls, could be made to last for 100 years. Dr. Mabon said that such measures on the rate of production would frighten away oil companies. "The oil companies would not even cover their capital costs on existing finds, so that there would be no profits to tax," Dr. Mabon wrote to Mr. Gordon Wilson, Scottish National MP for Dundee East. "Future fields would not be developed at all unless the SNP subsidised foreign oil companies to develop them. There would be no further offshore related orders from the oil companies for years. The offshore industry would grind to a halt and Scottish unemployment would rise."

Of course, the length of time Britain can remain self-sufficient in energy will mainly rest on the ability of the oil companies to locate the remaining oil fields. How much more remains to be found is a moot point. One suggestion in the oil industry is that south of the 62nd parallel, some 14bn. barrels of oil are being developed or will probably be exploited. This might leave between 6bn. and 9bn. barrels of commercial oil still to be located. The Department of Energy's report on offshore oil and gas resources (the so-called Brown Book) states that total recoverable reserves from currently designated areas on the U.K. Continental Shelf should lie between 22bn. barrels and 33bn. barrels. On this basis there is still well over 8bn. barrels of oil to be found.

Those wishing to stress the most positive, optimistic aspects of the North Sea gamble might point to the appraisal drilling in the Moray Firth block 11/30, just 12 nautical miles from the Scottish coast. It is here that, much to the surprise of many of the oil industry majors, a group headed by Mesa, recently made a promising oil discovery.

The area had been explored before, but without success. A number of companies, including BP, were offered a stake in the 11/30 concession, but they were not interested. Then the Mesa sunk an exploration well which produced oil at a flow rate of 6,060 barrels a day. Seismic and other geological data suggest that the group has discovered a sizeable structure, possibly capable of producing several hundred million barrels. Possible recoverable reserves of 500m. barrels have been mentioned in the industry. That would mean the field would rank in size with BP's Magnus find, or British National Oil Corporation's Thistle discovery. But this straight size comparison disguises the big attraction of the Mesa find: it is in just 150 feet of water as against the 600 feet-plus depth faced by BP on Magnus. The water depth and proximity to the field's shore will trim development costs to new levels for the North Sea.

Mesa must count as one of the most promising of the 15 finds made so far this year. Two appraisal wells, the first of which is now being drilled, should give some indication how that promise will be fulfilled. Until the results are known in the New Year caution must be the watchword.

Recent drilling on the Brae trend illustrates the necessity for being cautious during the appraisal period. At one stage this summer, Brae and associated reservoirs in quadrant 16 were being hailed in some parts as possibly being the biggest find in the North Sea (U.K. or Norwegian sectors). On current evidence this is clearly not the case. Recent appraisal drilling by Pan Ocean, the Brae Field operators, has been disappointing; tests on likely structures in the two blocks immediately south of Brae have been equally dismal. True, Phillips has decided to carry out more tests on its block, 16/17, where a discovery was made this summer —a sign of continuing faith in the geological trend. But from what is known so far, it is difficult to put Brae's potential recoverable reserves at much more than 900m. to 1bn. barrels (*by no means an insignificant find*) and Phillips's find at perhaps 500m. barrels-plus. (This figure is highly speculative in view of the little information made public so far.)

It is the Moray Firth area of the North Sea that is still holding much of the promise for future finds. Certainly much of the industry's interest in the fifth round allocation of licences is centred on that area.

Licences

Applications from the 133 companies seeking fifth round concessions have now been reviewed by Department of Energy officials. It is possible that the successful applicants will be informed early next month so that they can begin negotiating licence terms with the British National Oil Corporation and British Gas, one of which will be a partner in each of the concessions.

The state involvement in licences marks the beginning of a new area in Britain's offshore licensing. Another innovation is the comparatively small acreage that is being offered this time. It is the Government's intention to hold licensing rounds much more frequently in the future. The sixth round, for instance, could be announced late next year. In this way, it is argued, oil companies should be encouraged to provide a more even spread of exploration and production workload, thus avoiding the disastrous development hiatus of the past two years.

Ray Dafter
Energy Correspondent

Benefits result despite setbacks

THE GOVERNMENT may have set its face against giving Scotland a direct share of the oil revenues, but the country has benefited greatly from the discoveries made in the North Sea nevertheless. The amount of work generated by the industry has leapt up year by year since exploration started in 1972 and in 1974 and 1975 the value of orders placed by the oil industry exceeded £1.2bn. This year the figure is expected to level off at about £1bn.

Not all the work comes to Britain, of course, and of that which does only a proportion comes to Scotland, but it has been estimated that the oil industry is directly responsible for 50,000 new Scottish jobs—about half the U.K. total. They range across almost the whole industrial spectrum, from vast civil engineering projects such as platform building and the construction of oil terminals, to shipping and air services supplying rigs and platforms, and to manufacturing everything from gas turbine generating sets to wire ropes.

The work could not have come at a better time for Scotland. The jobs created filled some of the void left by the contraction of traditional industries and during the recession from which the country is now emerging, Scotland was able to close the economic gap with the rest of the U.K.

Realistic

Predictions of just how the new industry would behave were notoriously unreliable in its early days when government, the oil companies themselves and outside observers and analysts did not know what to expect. Initial estimates of the demand for platforms, for example, ranged as high as 80 for the British sector of the North Sea by 1980. That guess was wildly optimistic and has since been revised downwards to the embarrassment of the Department of Energy. But other estimates of the pace and value of spin-off work now look if anything to have been over-cautious.

It was widely assumed, for example, that the fourth round of licensing, because it was so big and contained some of the most promising exploration blocks, would lead to a massive peak in activity which would then be followed by a disastrous slump after the much smaller fifth round of licensing. It is true that the fourth round did produce some very lucrative finds, but its size was such and the cost and difficulty of working in the North Sea so high that activity generated by the fourth round is taking much longer than expected.

Slowdown

For example, at the beginning of the fourth round there were around 30 exploration rigs at work in the North Sea. The number has now dropped, but only to about 24 and the difference is expected to be made up next year by new work generated by the smaller fifth round. The result will be that exploration work and all the supply and maintenance back-up that goes with it will taper off very much more slowly than at first thought.

The success of the fourth round is also likely to mean that new estimates by the Government of the likely demand for platforms next year may be on the cautious side. The Department of Energy has said publicly that it expects three to four platforms to be ordered next year—the first orders to be placed for two years—but after talks at the beginning of the month with oil and construction companies it may now be prepared to be a little more optimistic.

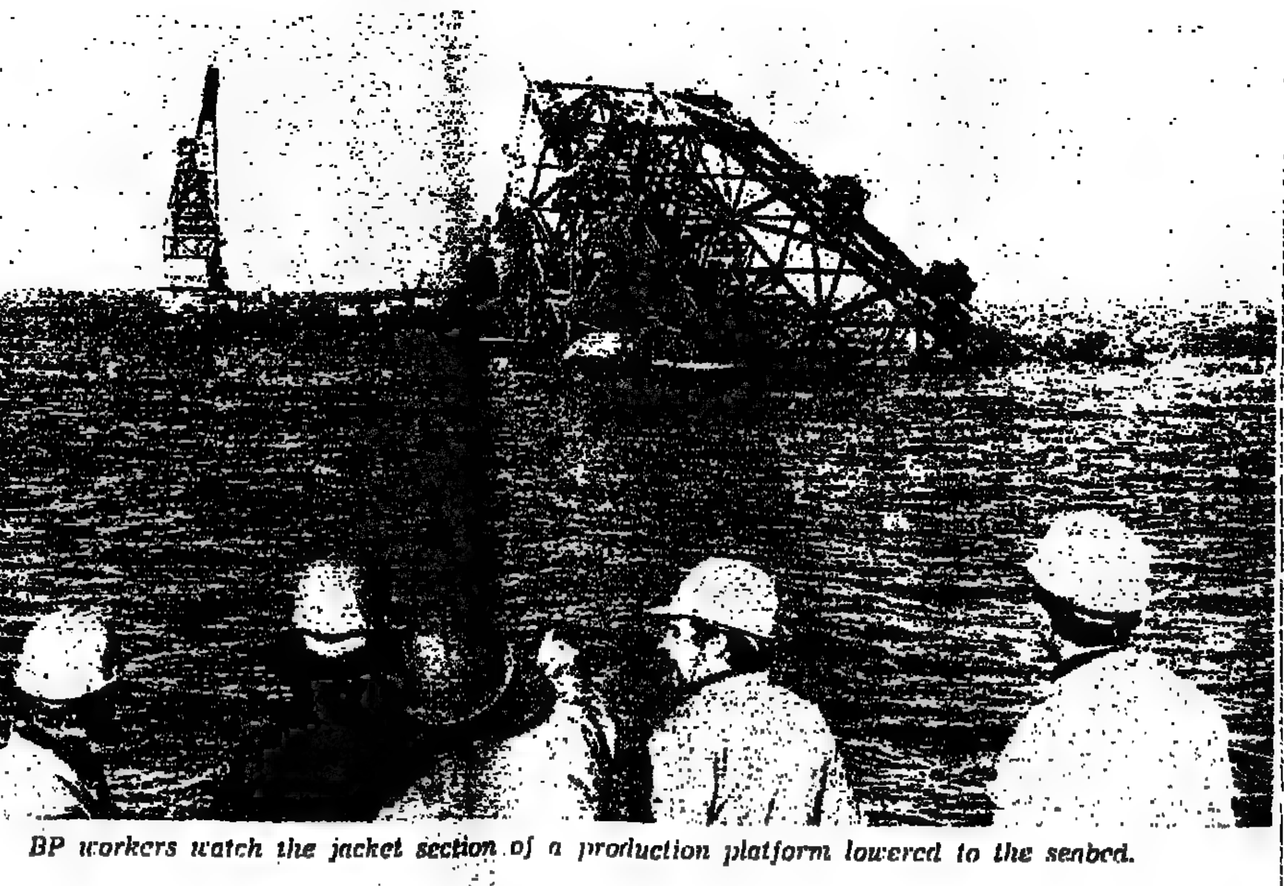
Platforms are the most spectacular part of the oil hardware industry and one order can cost up to £100m. and mean work for 2,000 men for two years. The hiatus in ordering by the oil companies, largely as a result of the caution induced by the unexpectedly high costs involved, has caused severe problems for at least one Scottish yard and anxiety to several others.

The Redpath Dorman Long yard at Methil, Fife, was the first of the five operating yards in Scotland to run out of work for the majority of its 1,200 labour force and desperately needs a new order by February if closure is to be avoided.

Highland Fabricators' yard at Nigg, Howard-Doris at Loch Kishorn and McAlpine at Ardyne Point, will all run out of work during 1977 and are competitors for new orders. The McDermott yard at Ardersier won a £9m. Dutch order earlier this month and is in the running for a second export contract for Brazil.

The Government is anxious that contractors should not disband their skilled labour forces before the new orders are placed and is urging them to take short term contracts in order to bridge any likely gap. To this end at least two of the yards, Hi-Fab and McAlpines, have

(CONTINUED ON NEXT PAGE)



BP workers watch the jacket section of a production platform lowered to the seabed.

Growing activity downstream

.ONS written answer by Varley, the Secretary for Industry, went preported at the begin- he month. Yet it could a clue to Government on the future of a new for Scotland.

'arley said that the ent was keen to see v "crackers" built in in the next few years ld be prepared to give cking to the consider- estment that would be It would be one way ing that the maximum is added to oil products ıey were exported from , so earning the maxi- foreign exchange and the maximum in import

's the Department of . the Scottish Office is n to see petrochemical ment encouraged and it e that if four crackers e built in Britain in the ture, either one or all them could be sited in l, close to the North Sea gas fields which will heir raw materials.

ıng as a process converts y distillates from crude y as naphtha, into lighter s. A similar process can hane obtained from gas as a raw material ıck it into etheyine, a ore easily transportable ble substance.

tics

the products of crackers he feedstock for a whole f chemical processes, in- the manufacture of , and it is here that the ıu benefit for the Scot- economy could come, als and plastics could be industries to replace the ones, and could provide jobs in new technologies ace the insecure ones and ost from the contraction litional industries.

and already has one at the BP complex at mouth. Taking waxy dis- from the refinery which otherwise be used for fuel cracks them to lighter ts such as chemical feed- liquid petroleum gas, e, butane, heavy benzine erosene. The plant is ed so that output from finery can be directed to acker when demand for il is low. At the moment tuation is reversed and demand for lighter pro- from the cracker depressed, the company has shut it down for maintenance.

A second cracker is being considered by Esso Chemicals possibly to be built alongside the gas separation plant planned by the Shell-Esso partnership at Mossmorran, Fife. The separator would take natural gas from the pipeline coming ashore at St. Fergus, near Aberdeen, and split it into butane, propane and ethane. The propane and butane will be sold to Northern Liquid Fuels of Omaha on a ten-year contract which in its later years could be worth as much as $100m. a year. The ethane is as yet uncommitted.

Shell-Esso's decision to abandon their original proposal to build the separation plant at Peterhead near the gas landfall and try instead to get planning permission in the south of Scotland, has been welcomed by the Fife Regional Council. Not only would it bring up to 1,400 jobs during the construction phase, but it would also provide permanent employment for 70 people when completed.

Although not wishing to jog the arm of Esso Chemicals, the council is anxious to see the cracker built with the separation plant. In an area with 16 per cent. unemployment which has been badly hit by the contraction of the coal mining industry and the troubles of platform building, the cracker and the down-stream manufacturing activities that could spring up around it, hold rich promise.

At least three more crackers could be considered for Scotland in the next few years—one to accompany the refinery planned at Nigg on the Cromarty Firth by Cromarty Petroleum, and two to feed from the gas collection pipeline now being considered by the Government.

The Nigg refinery proposal has run into difficulties over the attempt by the company to obtain 47 acres of beach along the edge of the Firth which are essential if the site is to have access to the deepwater channel. A Parliamentary Bill which would have given Cromarty Petroleum the power to purchase the land compulsorily was talked out of the Commons and failed through lack of time during the last session.

The company may reintroduce the Bill, or may accept the offer made by the Highland Regional Council to buy the land itself and lease it to the refinery. Either way it may be months before the company can move on to the next stage of submitting its master plan to the council for approval.

Originally Cromarty Petroleum—which is owned by the American tanker millionaire Mr. Daniel Ludwig—planned to sell all the refinery's output abroad, mostly to customers in the U.S. However, after discussions with the Department of Energy, the company has now said that it is willing to reserve some of the total planned output of 10m. tons a year for the production of naphtha, which could be used as feedstock.

Opposition

The company's plans have been heavily attacked by other oil companies, including BP which has said it would be a gross waste of resources to build a new refinery in Europe with the present low demand for oil products. But the scheme has received strong support from the Regional Council and the Highlands and Islands Development Board, which are anxious for the jobs that would come with it.

Cromarty has said that the refinery would cost £180m. at current prices, of which £60m. would be spent in labour costs, and a further £80m. in Scotland on materials and equipment. The annual running cost of the refinery would be £11m. not counting rates and taxes.

The gas collection line, which was the subject of a report for the Government by consultants Williams Merz earlier this year, would link a number of oilfields in the North Sea and tap the gas associated with them. At the moment such gas is merely flared off from production platforms.

Williams Merz estimated that the gas line would cost £1.6bn., but the Government has since indicated that the figure could be an underestimation. It is likely that the British National Oil Corporation and the Gas Corporation would be involved in constructing and running the system and there has been considerable interest from abroad.

The consultants recommended that the pipeline should come ashore at Peterhead, but the Government is known to be considering a number of possible sites. The pipeline could easily be brought to land anywhere from the Shetland Islands to the Firth of Forth with very little difference in cost, and its eventual siting may be decided on the basis of the suitability of the area to take downstream processes. These would almost certainly include separation plants and could also include crackers to convert the gases into more useful and easily handled substances.

Government involvement in any of these possible projects is certain if they go ahead. If not through nationalised industry then through development grants which mean that any plant and buildings built in Scotland would be eligible for grants covering 20 or in some cases 22 per cent. of the cost.

Ray Perman

Benefits

CONTINUED FROM PREVIOUS PAGE

been looking for work outside the oil industry.

The Government is also keen to bring work for the first time to the two empty yards at Hunterston and Portavadie, which were established with public investment of £25m., but which have not won any orders so far. At least one of these, Portavadie, could get work if negotiations now in progress to use the site for the construction of a Norwegian designed Condeep platform for Shell's Cormorant Field are successful.

There may also be more opportunities in the export market, both for platforms and smaller work. The Offshore Supplies Office in Glasgow is anxious to stress to customers abroad the delivery and quality records of British manufacturers, which bear comparison with those of foreign firms in the business, but suffer under the critical gaze of the British Press.

Two-thirds of the modules for the Norwegian sector of the North Sea were made in Britain and U.K. companies have won contracts for about a quarter of the work associated with the Irish Republic's oil programme. The Government estimates that the annual value of the world market for oil industry goods is worth between £5bn. and £6bn. As much of the exploration currently in progress around the globe is offshore, British experience could become increasingly valuable and could provide a useful way of extending the life of the new Scottish industries and earning foreign currency.

Another major development which could prolong the life of oil-related work is increasing interest in downstream activities. Already at least one refinery and one petrochemical complex have been proposed, and more have been mooted.

There is also the possibility of a new system of pipelines to bring gas ashore from as many as 20 different oilfields. Besides being a massive project in itself, costing up to £2bn. and providing work for pipeline producers, pump makers, platform builders and a whole list of other industries, it could encourage the establishment of chemical and plastics plants using feedstock derived from the gas.

Employment

Downstream activities like refineries and chemical works will mean high demand for labour during the construction phase and a smaller, but more permanent number of jobs when they are completed which will continue long after the development phase of North Sea oil is over.

Even then, when the last of the big platforms is built and the last pipeline put into position, there will still be work for Scotland from the North Sea. Supply and maintenance alone, it is estimated, will be worth between £300m. and £600m. a year at current prices and a great deal of that will be carried out by Scottish-based companies from Scottish ports and airfields.

Ray Perman

Electricity needs coherent plan

SCOTLAND'S COAL and electricity industries present a clear illustration of the need for some coherent national strategy to guide the energy planners. A year ago both industries had a sense of direction. It might not have seemed an exciting path for the coal industry which was expected to continue meeting a steady demand from the power industry without any certain prospect of the market expanding; but for the electricity authorities there was the anticipated move into a new nuclear era arising from the Government decision to site one of the first two steam generating heavy water reactors at Torness, near Dunbar, on the east coast.

Now the Government are rethinking their nuclear plans following the realisation that demand for electricity is no longer growing at the rate expected a few years ago. Electricity authorities will not need the battery of new stations they had planned for the early 1980s unless there is a sudden upswing and it no longer makes commercial sense to start committing capital on projects which would have an uncertain future.

In Scotland coal is left no better or worse off in the short term by this hiatus in forward planning. There are still large modern coal-fired plant like Longannet and Cockenzie which will take the bulk of the 8m. tons—two-thirds of the entire output of the Scottish pits, which the electricity industry is prepared to buy annually if the price is right.

But after a period of steady building of new power stations, momentum has now gone out of the electricity industry which has been forced to start taking stock of what the future might hold in store. The target to which its planners are looking is no longer the early 1980s—for which there should be plenty of provision made by existing stations—but the 1990s when there could be a radical revision in the U.K. pattern of energy demand as well as economic trends.

The Scottish energy debate is similar to that for the U.K. as a whole in that the uncertainties about the way ahead have driven the planner back to considering fundamental options. Because the system of nuclear power which Britain will adopt is no longer as clear cut as it seemed a year ago, the actual contribution which nuclear energy could make is being reappraised along with the merits of the different systems.

Interrelation

In the process a new long-term opportunity has emerged for coal, albeit at the tentative stage, but nevertheless one of the possibilities which the planners will be expected to take into account in their examination of the way ahead for the two interrelated industries.

Recent test bores have established massive new coal reserves under the Firth of Forth, near Musselburgh, in the Lothian region. At least 50m. tons of high-quality coal should be recoverable by workings from the shore, making the discovery the largest in Scotland since the Longannet coalfields which led to the development of Scotland's largest mining/power station complex.

But before committing investment of at least £20m. which would be needed to produce the new reserves, the National Coal Board are looking for an agreement with the South of Scotland Electricity Board that they will be prepared to burn all the additional coal that will be produced. This could mean moves towards planning further coal-burning capacity instead of depending on nuclear expansion to meet any rise in Scottish power demand.

Another £10m. may be spent on expansion at the Longannet mining complex in Fife, but again the decision will depend on the electricity board guaranteeing a steady market for the coal, a matter which has been the subject of a series of discussions between the two authorities in recent months.

A decision to build a new coal-fired power station in Scotland would mean a basic change in strategy for the SSEB who in their long-term planning have previously ruled out such a possibility on the grounds that the Scottish mines were already hard pressed to meet the needs of existing coal-fired stations.

Before the plans were upset by the uncertain growth prospects, it had been proposed to develop the Torness site to increase nuclear output in the Board's area to about 40 per cent. of demand. Already Scotland has a higher proportion of nuclear power than the U.K. as a whole as a result of the base load contributions made by the Magnox station at Hunterston and the new advance gas cooled reactor in the Hunterston B station which was commissioned earlier this year and has so far been performing satisfactorily despite the difficulties which arose during construction.

The AGR is one of the systems being examined by the Government as an alternative to the SGHWR which the Board had been planning to build at Torness. The SSEB were strong advocates of the heavy water design instead of the pressurised water system which the Central Electricity Generating Board favoured when the controversy over Britain's medium term reactor system originally arose during 1973 and there have been no official indications that the Scottish Board have changed their minds on the choice. The new possibility which has arisen for a coal-fired station as an alternative to a nuclear plant could provide a convenient option if they are not happy with the system adopted for the U.K. as a whole in light of the current reappraisal.

But there is a further complication which arises in trying to assess the way ahead for the power industry in Scotland. The North of Scotland Hydro-Electric Board, who work in close co-operation with the SSEB in forward planning on a countrywide basis, has identified a site at Craigroyston on the eastern side of Loch Lomond as having potential for a new pumped storage station of up to 3,200 megawatt capacity. This would offer the opportunity of utilising cheap off-peak power from a nuclear plant like Hunterston to provide a peak load boost for the heavily populated West Central Scotland area.

Although the idea is still at an early stage, it is another consideration the planners will have to take into account in trying to secure the most economic and convenient power package for Scotland in the 1990s.

Surplus

Meantime the North of Scotland Board are heavily involved in the building of the 1,320 megawatt plant near Peterhead which will help to meet the demands made by industrial expansion in their area through the advent of the offshore oil industry. Appropriately the Peterhead plant will be oil-fired but provision has also been made to burn gas and the Board have had talks with the Government on the possibility of obtaining surplus supplies from the North Sea during off-peak periods to enable them to vary the fuels.

Electricity users in the Board's area also benefit from the recent commissioning of Britain's most advanced power plant — the prototype fast breeder reactor at Dounreay which provides supplies to the northern grid as part of the development programme designed to make commercial application of the fast reactor a viable proposition within the next decade.

John Drummond

Perilous future in any event

SCOTTISH SHIPBUILDERS would probably be the first to admit that they present a rather paradoxical profile to the outside world. The admirer can find without too much difficulty a high level of commitment to the industry among both management and men, a love of the job and of the mystique of building ships and a strong desire to continue in the business. But the critic can find, also without too much difficulty, an industry which overall is losing rather a lot of money because it is only intermittently efficient and which is populated by a labour force (including many managers) which does not believe that the state of the balance-sheet should alone determine the size and shape of Scottish shipbuilding. One of the strands threaded through the Upper Clyde Shipbuilders work-in was a blank refusal by those involved even to conceive that the long tradition of shipbuilding in Glasgow should come to an end.

Buried so deeply in the Scottish culture, shipbuilding is going to become a live political issue in Scotland because its future is now desperately threatened. Whether nationalised or not, Scottish yards are going to be competing with English yards for the few orders still available in the midst of the current world famine. Scottish affairs will already be the centre of attention over the coming year because of the Devolution Bill and it may not be long before voices are heard pleading a variety of special cases for the region's shipbuilding industry.

Depressed

Certainly such cases for special treatment ought to be pleaded and most certainly the final ruling will reflect prevailing political, social and economic factors. It remains to be seen which of the factors is dominant. Industrially, there is not much of a case for maintaining Scottish shipbuilding at its present size when world demand for new ships has slumped by 60 per cent. and could settle at this highly depressed level for the next four or five years. But there are 23,000 people employed in Scottish merchant shipbuilding and perhaps another 30,000 in ancillary industries and it may not make much social sense to put most of these out of work when the employment alternatives are so scarce. Unemployment on Clydeside, where two of the largest companies are based, Scott Lithgow (8,200 workers) and Govan (5,500) is already running at 8.7 per cent. Scott Lithgow is the only major employer in the Greenock and Port Glasgow area. The question is repeatedly asked there: if the yard dies what do you offer the school leavers in the area, let alone their fathers.

Only Yarrow Shipbuilders which employs 5,400 workers at Scotstoun on the Upper Clyde appears likely to escape from the gathering depression. Like their warship building counterparts in England, Vickers and Vosper Thorneycroft, Yarrow has a bedrock of work provided by a steady supply of Royal Navy orders.

Redundancies among steelworkers were recently averted by a £30m. Royal Navy contract for a third Type 22 frigate, bringing the total Navy order book at Yarrow to £150m. At the same time, the company is now very optimistic about concluding a £50m. deal for four logistical support ships for the Iranian Navy while two other prospects are frigates for a West African country and major refits for two Malaysian frigates.

Meanwhile requirement of Scottish merchant shipyards is exactly the same as most of their English counterparts—more orders. While the prospects of achieving a sufficiently large intake to keep existing capacity fully occupied seem remote, a Government aid policy is regarded by Scottish shipbuilders as a prerequisite for survival.

Without being quite so specific, Mr. John Wright, chairman and managing director of the 112-year-old Aberdonian company Hall Russell, left no doubt earlier this month about his belief that the lack of a clearly defined Government policy was damaging future prospects. In his inaugural address as president of the Shipbuilders and Repairers National Association, he argued that the wrangling over the nationalisation Bill was delaying vital decisions. By the middle of next year, he warned, "there will be many vacant berths and the unwelcome spectre of redundancies looming up for our work people unless something is done to stimulate orders." Some of the 900 workers at Mr. Wright's own company will be among the first to feel the cold draught of redundancy. Unless a new order is forthcoming in the next few weeks, then steelworkers will be laid off early in the New Year. Hall Russell, which has lost money only once in the past 21 years, is on the nationalisation list in the Bill being reintroduced by the Government and is currently working its way through a £14m. order for Royal Navy North Sea patrol vessels.

A Government policy of aiding Govan Shipbuilders has been in existence for ten years now and the former member of the UCS group is still drawing heavily on the State purse.

Break-even

After nearly £60m. of State support Govan will probably lose around £6m. this year. Its estimate for next year is lower and a break-even situation is predicted for 1978. Whether this will prove over-optimistic depends partly on the fulfilment of a £50m. Kuwaiti order for six cargo vessels whose pricing is based on a productivity improvement unlikely to be attained. Productivity in certain trades is well below the national average and although the disruption caused by a £25m. yard modernisation programme has not helped output, Govan knows it ought to be doing better. So does the Government which showed its continuing faith, and also its reluctance to face the alternative of redundancies, by giving the go-ahead for the Kuwaiti contracts knowing that they would probably lose money. Underwriting losses is the crudest form of State subsidy, but the one which, understandably, has some attractions for other shipbuilders who feel that building at a loss for a couple of years together with building some ships for stock would save the industry from disaster.

Building for stock is a controversial issue in world shipbuilding. Mr. A. Ross Belch, managing director of Scott Lithgow, is a reluctant advocate, although he calls it "building in advance of demand."

As a last resort, Mr. Belch is prepared to press the Government very firmly to give him the go ahead to build a £30m. drill ship, postponement of which is threatening more than 1,000 jobs at the company's Cartsdyke yard. Mr. Belch is being given Government help in trying to assemble a financial package which might attract a potential buyer but time is now running very short. This is not the end of Scott Lithgow's troubles. It has two tankers on order for Maritime Fruit Carriers, the Israeli - American company which has moved from one crisis to another this year. Progress payments on the first ship, which is more than half-built, are running late while building of the second tanker has been postponed although the necessary steel is sitting in the stockyard. Little is known for certain about Maritime's capacity to honour these contracts and Government efforts so far have been directed at trying to salvage the situation, either by finding alternative finance for Maritime or by unearthing new customers. Neither appears likely, which means that in a matter of weeks, the Government will have to decide to allow a rundown of employment at Scott Lithgow or to "build in advance of demand." Losses of £9m. were carried over into Scott Lithgow's 1975 accounts.

The picture is no less bleak on the east coast of Scotland where Hall Russell's difficulties are matched by those of Robb Caledon which employs 950 workers at Dundee and 850 at Leith. The Dundee yard has work until spring on three 15,000 d.w.t. cargo carriers for the Argentine while the Leith yard, having drawn on the Government's temporary employment subsidy for its steelworkers, has just two ships to build—a nearly completed 11,000 d.w.t. bulk carrier and a £3.5m. gas carrier. The market in smaller ships, in which Robb Caledon specialises, is unexpectedly buoyant at the moment but as yet the Scottish company has not made any new inroads.

The position is a little better at the two medium-sized yards, Ailsa at Troon and James Lamont at Port Glasgow, which were judged too small to be worthy of nationalisation.

Thus the weakness of Scottish shipbuilding is clearly evident and many hundreds of its workers are now at the brink of redundancy. The delay suffered by the Government's nationalisation Bill makes little difference to this situation and nor does it deny the Government any options for dealing with it. However, there is a suspicion that less will be done because of the delay. With cutbacks looming at Scott Lithgow, Robb Caledon, Hall Russell and Govan, the next three months are going to pose some awkward dilemmas for Ministers.

John Wyles
Shipping Correspondent

The Clyde.

MOTORS

Adapting to a period of major changes

THE SCOTTISH motor industry has gone through a greater period of change in the last 18 months than for a decade. Both of the British companies that have facilities in Scotland—British Leyland and Chrysler—have within that period been forced to go to the Government for financial assistance, and it is true to say that the future of the Scottish factories was a major issue in the decision to provide them with aid. Since then each company has begun a programme of revamping its facilities north of the border.

The main bulk of the Scottish industry, based upon the Chrysler works at Linwood and the British Leyland complex at Bathgate, south of Falkirk, is of comparatively recent origin. But Albion, the other Leyland factory, which is situated in Glasgow, is one of the oldest motor concerns in the country. Established along with the most pristine European motor concerns before the turn of the century, Albion was to become one of the leading manufacturers in Britain of high-quality heavy trucks.

Reputation

Albion's reputation for quality, and its strong customer loyalty, were the main characteristics which prompted its takeover by Leyland in 1951, during the spell when the Lancashire-based company was using its financial muscle to bring together and rationalise Britain's heavy truck industry. The Albion name remained for some time under the new Leyland rule, and to a certain extent so did its autonomy of management and vehicle design; but gradually Leyland has been trying to pull the Scottish company closer to the rest of its commercial vehicle interests—a process which has been accelerated by the new management—and Albion's future is increasingly tied up with the rationalisation of Leyland's interests in Scotland.

What has emerged from the new investment programme conceived during Leyland's rescue by the Government is a plan to develop the company's Scottish interests as the main centre for light and medium weight commercial vehicles. These activities, based on the two existing plants at Albion and Bathgate, will be relatively independent and integrated, with their own centralised management, and manufacturing many of their own components, such as engines, gearboxes and axles.

Within this plan, Albion has been chosen as the main area for component manufacturing, and Bathgate for assembly. These decisions have been dictated by geography rather than tradition. Most Leyland customers, indeed, feel that the assembly skills developed at Albion over the years make its trucks superior to those produced by Bathgate; but the fact is that the Albion site, squashed on an elongated strip of land in the depths of industrialised Glasgow, is awkwardly situated for its development as an assembly area. Hence the decision to concentrate the production of axles and gearboxes at Albion.

It is still not clear how quickly the Leyland management will be able to push ahead with this plan. The trade unions, which under the new consultative arrangements governing the company's future have to be carried along with the new policies, have accepted the Albion re-organisation proposals. But talks still have to take place over the transitional period. It is expected that the re-organisation will cost about £40m., and will eventually create 2,000 new jobs at Albion, which now employs 3,800 workers.

As Albion develops in its new role, Bathgate will begin assembling its trucks along with its own range, which has, in any case, been growing increasingly similar to Albion's within the past few years. The two companies now use a common cab in their larger vehicles, a product rationalisation which means heavy savings because of the high cost of cab fabrication.

Bathgate, employing 5,500, is also currently receiving a big injection of new capital, with some £15m. being put into its engine machining and assembly lines to increase output by 30 per cent.

The Bathgate facility, founded in 1960 by the British Motor Corporation in its tardy attempt to develop a major presence in the light commercial vehicle business, has never achieved its potential assembly capacity of 60,000 commercial vehicles a year. The best it has managed is about 30,000 vans and lorries, partly because of industrial relations troubles which beset the plant in the 1960s, partly because of component shortages (Bathgate has to rely on a long supply line from the English Midlands), and partly because of constraints on the engine line.

Bottleneck

The engine line, which makes the 98 series unit, is the object of the major slice of new investment because Leyland is trying to undo the bottleneck there in order to release latent capacity on the vehicle assembly track and on tractor output. The plant has in the past turned out about 20,000 tractors a year, but the company believes this could be doubled if the engines were available.

Leyland is naturally coy about its long-term output plans for Scotland. But it is no secret that the Bathgate plant, built on a green-field site, was originally planned to produce at a rate of 1,200 to 1,300 vehicles a week—about 60,000 units a year. Similarly the tractor lines could be increased fairly simply to 800 a week—or about 40,000 units a week. Hence, with the help of some modest investment on the assembly facilities plus the removal of bottlenecks in the engine plant, Leyland believes it could achieve a substantial increase in output.

With this could go an equally large increase in exports: last year some 55 per cent. of Bathgate's output was exported, and this year it is running at 60 per cent.

Specifically

The Chrysler plant at Linwood, on the outskirts of Glasgow, came into being at roughly the same time as Bathgate in another conscious attempt to bring industry to a depressed area in Scotland. Founded by the Rootes Group before the takeover by Chrysler, and designed specifically for the Imp, the plant stands alongside a panel press shop built by Pressed Steel. The press shop was eventually taken over by Chrysler itself, with the result that the Linwood complex to-day is one of the most integrated car factories in Europe, capable of producing the pressings from sheet steel, manufacturing the car's bodywork, making engines (in an aluminium foundry), manufacturing gearboxes and assembling the finished article.

The rescue of Chrysler U.K. by the British Government has given a new lease of life to Linwood. The management has scrapped the ageing Imp, which was never the success it was expected to be in the market place, and transferred the Avenger lines from Ryton in Coventry up to Scotland. Linwood therefore produces two models to-day—the Avenger and Hunter—and has given assured prospect[...] least the immediate [...] Employment is expected [...] from 4,500 to-day by [...] 1,000 or more next year [...] company introduces a [...] shift; and next year t[...] pany is planning to la[...] new small car, code-na[...] 424, at Linwood.

The challenge fac[...] Linwood management i[...] to get productivity at t[...] up to the kind of leve[...] have been proved pos[...] competitors' factories. C[...] years, Chrysler has bee[...] with serious difficult[...] Linwood, either on the [...] trial relations front—th[...] been constant wranglin[...] wage comparability w[...] company's Midlands fac[...] or in the quality of the [...] Indeed, the Imp was [...] criticised for poor qu[...] its early days, and Chry[...] publicly acknowledge[...] there was a prod[...] penalty in going to S[...] where it had to train a [...] force unfamiliar with ca[...] try methods.

Just at this moment C[...] is attempting to tackle t[...] ductivity issue in Scot[...] trying to persuade the [...] to push up the hourly [...] rate. The Avenger has n[...] broken in on the Linwoo[...] and Chrysler wants to [...] the market whic[...] undoubtedly waiting for [...] if it can be produced in s[...] numbers. If the compa[...] solve this problem—lifti[...] put to about 80,000 units [...] —it can go some consi[...] way to assuring its [...] because productivity, ab[...] has become the bugbear [...] British industry.

Terry Dods[...]
Motor Industry Corresp[...]

Offices the lifeline

Modern developments in Glasgow.

GLASGOW MAY HAVE its struggling shipyards, its sprawling council housing schemes and its tragic unemployment, but it is not these which hit the eye of the visitor—it is the spate of office building which has completely changed large areas of the city centre.

The same decaying areas which allowed Glasgow to build a superb inner city motorway without destroying good property has allowed the commercial sector to expand outwards into new office accommodation.

While these developments have created sites for offices, it is only within the past two years that supply has been matched by demand, testifying to the growing importance of Glasgow as an administrative centre.

The Government has undoubtedly helped with a series of decisions on dispersal of civil service jobs and the siting of Government agencies in the city, creating a very substantial requirement for office accommodation. Prices have been moving upwards despite the recession, with £5 a square foot likely in the near future, reflecting a healthy demand for the slightly under 250,000 square feet built annually over the past ten years.

The Government decision to move a large part of the Ministry of Defence from the South is the biggest single development likely in the city over the next few years, but the concentration of the headquarters of the British National Oil Corporation, the Offshore Supplies Office and a much strengthened industrial division of the Scottish Office in Glasgow will undoubtedly produce a spin-off in attracting further demand, from firms in oil-related industries particularly.

The oil boom has focussed international attention on Scotland and a considerable number of international firms have opened representative offices in Scotland since 1970. To date most firms have settled in the East and particularly in Edinburgh, but recently there has been increasing attention paid to Glasgow.

Planning difficulties in Edinburgh have contributed to this. The preservation of the architectural excellence of Edinburgh has militated against provision of office accommodation in the centre of the city. This leaves a choice of a site in less attractive areas of Edinburgh or Glasgow city centre areas with its better communications in terms of road, rail and air services.

The biggest problem in attracting office jobs to Glasgow, and one which the city planners are now concentrating on, is the shortage of good housing, particularly executive housing. It is significant in this respect that there has been a considerable increase in recent years in the number of people who commute to offices in Glasgow from Edinburgh.

Housing has certainly been used as a major reason for the opposition in the Ministry of Defence in particular to dispersal to Glasgow and the public expenditure cuts have made this particular problem worse by cutting money to local authorities for housing. The site earmarked for the Ministry of Defence is the former St Enoch Station, and its development will put life back into the riverside, surprisingly, the last major area ripe for renovation. The building will house about 3,000 of the 4,500 MOD jobs being dispersed. The remaining jobs in the Ministry are likely to go outside the city. The other major ministry earmarked for the West of Scotland, the Ministry of Overseas Development is also being split into two with East Kilbride taking the major share.

Negotiations

Civil Service Minister Mr. Charles Morris reiterated the Government's intention to complete the dispersal programme between 1982 and 1984, but from the beginning of this month negotiations have ground to a halt with the largest union, The Civil and Public Services Association, refusing to co-operate and the Society of Civil Servants adopting a push-me, pull-you posture of commitment to the principle of dispersal and threatening to fight every individual case.

The public expenditure cuts and their effect on civil service employment has taken its toll of whatever goodwill there may have been for dispersal. The unions are arguing that it would be madness to proceed with a dispersal programme costing £400m. at a time when the Government are seeking to reduce the cost of the service by pruning jobs to produce a saving of £140m. Despite this setback, Strathclyde Region and Glasgow District Council are convinced that the Government will go ahead with the programme, at worst on the basis of the sites already earmarked.

More disappointing for local authorities was the revelation that the British National Oil Corporation would not be employing more than about 250 for the next two or three years. It had been hoped that BNOC would build up quickly to about 800. The Corporation have given categorical assurances that the Glasgow headquarters in a new £5m. building in the city centre would be the true headquarters and would not allow the real decision making centre to remain in London.

Since BNOC announced their decision on a headquarters building, Strathclyde Region and the Glasgow District have been making strenuous efforts to capitalise on it to persuade other oil-related firms to move to Glasgow.

They have been helped by the interest in dispersal sparked off by the Government's recently announced increased grants for office dispersal, which give Glasgow as a Special Development Area a particular advantage.

Firms can now claim seven years rent free plus almost doubled financial assistance for the number of individuals moving and £1,500 for every new job created in the receiving area. There have been some notable successes. Since the beginning of the oil boom, many of the major banking concerns in the U.K. have set up offices in Scotland and while most have gone to Edinburgh, a recognised banking centre, some including merchant bankers, Hill Samuel, have opted for Glasgow.

Glasgow District Council have concentrated on allaying the fears of the civil servants with an exhibition in London portraying the city from the point of view of their existing dispersal success — The Post Office Savings Bank, and have now begun a new campaign to translate the Government's commitment into action.

Despite similar reservations from staff at the bank before they were earmarked for dispersal 10 years ago, it is difficult to find anyone who would reverse the decision.

Dispersal

The potential market for dispersal of private office jobs from London outside the oil scene remains slim. Mr. J. P. Maconchy, Secretary of the Location of Offices Bureau said: "I cannot see much improvement until about 1979 and most of those firms which are considering moving out of central London are serving the South-East market which leaves little for dispersal to Scotland, the North or Wales.

"We have not yet seen what effect the new grants will have, but increasing cash incentives will not necessarily move office jobs to an industrial area which happens to have high unemployment. The needs of the service sector are different."

Glasgow, however, is now recognising those needs, is preparing for them at least in terms of the new Government jobs and over the next decade hopes to reap the benefit by moving away substantially from its over dependence on heavy industry.

John Drummond

STEEL

An industry at the crossroads

THE SCOTTISH steel industry is at the crossroads that will decide its future shape and size. Having emerged shaken but still relatively intact from the last 18 months of recession, it now faces three years of closing down older works to concentrate production on the Ravenscraig complex at Motherwell, while at the same time having no real long-term target to aim at.

Scotland has fared well during the British Steel Corporation's current 10-year development programme, around £400m of that programme being spent on new and improved plant north of the border.

Specialists

The major development is the £200m. expansion of Ravenscraig which will by early 1978 have become the low-cost "steel supermarket" for the Scottish division's battery of rolling mills and specialist product plants. Output should have doubled from the present 1.5m. tonnes per year from two basic oxygen steelmaking vessels to more than 3m. tonnes from three of these efficient facilities.

In addition existing, developed and completely new electric arc steelmaking capacity will bring this figure up to around 4.5m. tonnes by the early 1980s. Chief in this area will be two 250,000 tonne electric arc units at Hunterston in Ayrshire, and Ravenscraig, as well as the boosting of capacity at the existing unit at Hallside works in Cambuslang by 100,000 tonnes.

Also at Hunterston BSC and the Clyde Port Authority have nearly completed a £100m. iron ore/coal marine terminal, the biggest in the U.K. which will not only receive raw materials for BSC's Scottish works but also many in England. And BSC have also started work on their first direct reduction unit, a £60m. twin Korf-built works which will produce up to 800,000 tonnes of iron pellets for feeding straight into the electric arc furnace.

While this expenditure and development is continuing, BSC will be proceeding with their programmed closures of outdated open health furnaces as much modified by Lord Beswick's report of last year. These will mainly take place at Clydebridge, Dalzell, Ravenscraig, Lanarkshire and Glengarnock works between next July and January 1980. Other primary rolling facilities and some mills are also due for closure.

The end result of all this will be to reduce the Scottish steel workforce by a net figure of just over 2,000 to about 22,000 by 1980, when output should be much higher and cheaper.

But all these developments have been delayed to a lesser or greater degree, mainly because the Government has intervened in some of BSC's proposals and had them re-assessed. This means that the eagerly-awaited cheap steel will be longer in coming, and more expensive when it arrives because of cost escalation.

On top the programme is really aimed at making the best use of the main production unit in Scotland taken over when BSC was formed. Basically Ravenscraig is an old works, and as such cannot be expected to achieve the productivity levels of BSC's foreign competitors like Germany, the U.S. and Japan.

This realisation is a major factor in the steel unions' constant pressure for the long-running controversy over the planned building of a major integrated steelworks on the Hunterston greenfield site to end swiftly with an unequivocable commitment to proceed.

Hunterston has for long been regarded as the only hope that the Scottish steel industry will remain a viable sizeable part of BSC towards the end of this century. BSC are keen to build a £5bn. works at Hunterston, which would be their first such project, but have been blown off course by the politicians too often to give such a commitment.

Changing

In addition the unions say they are detecting a fairly rapid cooling within the Corporation to Hunterston since the departure to private enterprise of Sir Monty Finniston, ex-chairman. Sir Monty's successor, Sir Charles Villiers, has refused to give such specific promises as his predecessor, which leaves the unions questioning whether the Scottish industry has much of a future.

Overall the industry in Scotland is still recovering from the traumas of the recession. Morale is generally acknowledged to be low, so low that BSC are finding it difficult to recruit skilled workers to the expanding parts of their works, even if they have just been made redundant at another plant.

Absenteeism, that sensitive monitor of morale, is at an all-time high at Ravenscraig with up to 500 men—10 per cent. of the workforce—staying off at any one time, half of which are unauthorised absences.

It is wrong, however, to be too pessimistic about the industry's future over the next five to ten years. Ravenscraig, which supplies chiefly strip steel to the domestic consumer and motor car markets, should be an efficient unit once its development is complete, while other BSC Scottish works have scored considerable successes in supplying the demanding North Sea market.

For instance, the Clydesdale tubes works at Bellshill which produces a major proportion of the well casing used in North Sea exploration and production, has undergone the installation of a new £14m. electric arc furnace and is currently being improved in the making and finishing process for tubes at a cost of around £27m. Dalzell works, too, supplies much of the heavy plate used for offshore production platforms.

Decisions made in London over the next few months will shape the future of Scottish steel for many years to come. But if there is to be no major Hunterston steelworks then it may look as if the industry will continue to rundown after an initial boost through the redevelopments.

Lewis Thornton

Councils face cash crisis

EIGHTEEN MONTHS after reorganisation the regional, islands and district councils in Scotland find themselves facing a major financial crisis which will severely test the efficiency of the new system.

Cuts in spending imposed by Bruce Millan, Secretary of State for Scotland, for the financial year 1977-78, are regarded by the authorities as being so swingeing that large-scale redundancies and unprecedented reductions in services are said to be inevitable. And even these economies may not be enough to prevent substantial rises in rates. Strathclyde, the largest region with half the population of Scotland within its boundaries (2.6m.) has already forecast a rates increase of at least 20p in the pound in spite of slashing their budget by £26m., which could require the sacking of hundreds of employees and the closure of facilities like youth and community centres.

The economies required in 1977-78 are particularly severe in Scotland because of the failure of councils to cut back sufficiently in the current year. Mr. Millan told the authorities earlier this year that their budgeted expenditure for 1976-1977 was £47m. above the sum agreed for Rate Support Grant purposes and that their estimates would have to be reduced accordingly.

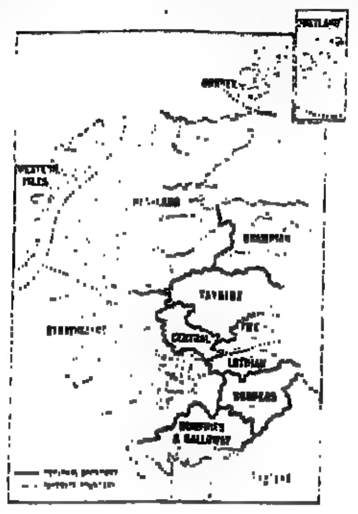
But in the event, councils made little impact on the savings required and in fact reduced their 1976-77 estimates by little over £2m. Consequently, they will have to pay the penalty for this failure by making even greater economies in 1977-78.

Payment

In a recent circular Mr. Millan announced that expenditure relevant for RSG will be no higher, in real terms, than the basis on which the 1976-77 grant was calculated. In view of the overbudgeting factor, spending will have to be £45m. less in real terms — £1,032m. compared with £1,077m. Further strictures imposed by the Government will include a £5m. cut in the amount allowed for inflation in the current year and a reduction in the percentage of grant which is presently 72.5 per cent.

Mr. Millan has pointed out that in spite of frequent appeals for severe restraint in the national interests the provisional out-turn for local authority expenditure in 1975-76 was £72m. above the RSG estimate, thus disclosing the largest increase in real terms in council expenditure in recent years. Councils were therefore substantially overspent before embarking upon the current year's budget. In Mr. Millan's view, the brakes must be firmly applied next year.

The overbudgeting situation suggests that the cost of reorganisation in May last year has been considerably more than the Government and local authorities estimated. It is significant that recreational services accounted for particularly large increases above the RSG estimate.



It is in this area of local government expenditure that the greatest incidence of expansion and duplication of departments is said to have occurred and this appears to be confirmed by the figures. For example, the estimate for recreational services in the 1975-76 RSG Order was £24m. but the provisional out-turn figure is almost double this sum. In 1976-77, budget estimates are £44m. whereas relevant expenditure allowed was only £27m.

The inability of councils to keep within Government spending targets has been accompanied by a substantial increase in local authority staffing. Figures disclosed recently showed that between May, 1975, and June, 1976, staff increased by more than 17,500 or almost 6.5 per cent. During the same period, the salary bill soared by £84m. of which £35m. was to pay for new staff.

But when the latest figure is compared with the pre-reorganisation situation at January, 1975, it is shown that the expansion has been even more dramatic during the 18-month period. Figures collated before reorganisation are said to be suspect because of incomplete returns by the old authorities, but it is estimated that the total increase since January, 1975, is near 25,000, or almost 10 per cent.

It is against this background of staff expansion that Mr. Millan has directed that manpower is an area in which cuts must be made. Councils have pointed out that a substantial proportion of the increase was beyond their control because it concerned teaching staff, police and fire services. But Mr. Millan says there is considerable scope for reducing by natural wastage, though he conceded that redundancies cannot be avoided "in all cases."

Dissatisfaction

In the midst of their present difficulties councils have been expressing increasing dissatisfaction at a trend towards increasing controls by central Government. There is a good deal of despondency about the fact that the Wheatley visions of a more autonomous system of local government have failed to materialise.

According to Robert Peggie, chief executive of Lothian Regional Council, there has been a constant striving for uniformity which has proved to be a "positive impediment to progress." He believes that relationships between local government and the Scottish Office are complicated by the blurred boundaries of responsibility and accountability and that Ministers and Civil Servants are reluctant to see more power devolved to local government.

Certainly, the Scottish Office have gone further than the Department of the Environment in England and Wales by imposing expenditure ceilings on each of the 65 local authorities. This, of course, was a more feasible exercise north of the border because of the relatively small number of councils.

The controls imposed by the Scottish Office, however, did cause the Layfield Committee to remark in their report that the drift towards centralisation had been even more marked in Scotland. In the field of capital expenditure, however, the Scottish Office are hoping that measures which they intend to introduce soon will help to reduce criticisms of centralised control.

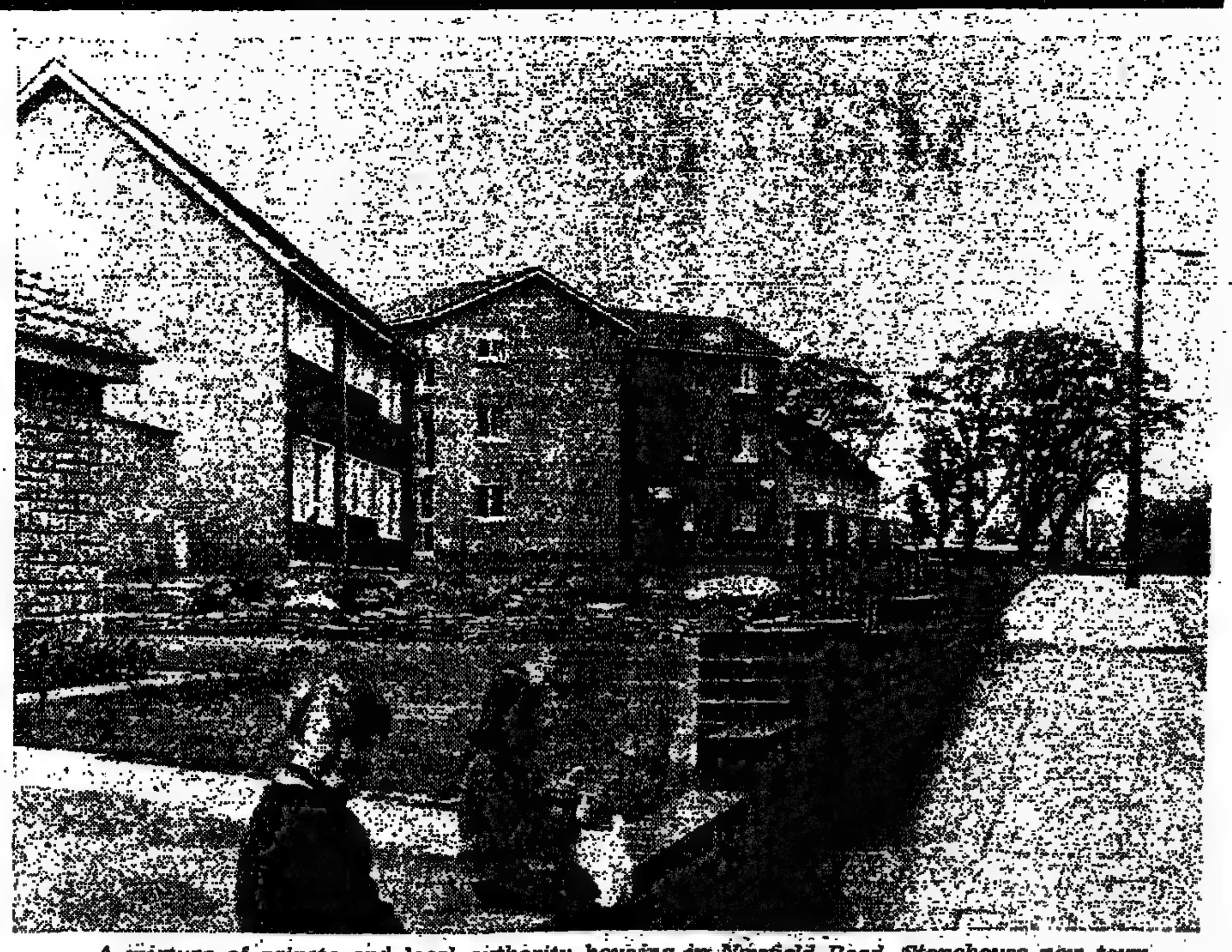
It is intended that councils in future should be able to plan capital programmes with less detailed supervision by the Scottish Office. Mr. Millan has said it is hoped that it might be possible, for example, to reduce the number of stages at which educational and social work projects have to be referred to the Scottish Educational Department. Other changes in financial planning including block allocations for housing expenditure are also under consideration.

The Layfield proposals that a local income tax would provide greater freedom for councils have been met with some scepticism in Scotland. It is considered that a local income tax would do little to help local government achieve the measure of independence and accountability Layfield anticipated because it is estimated that the level of central grants in Scotland would still be high—possibly around 50 per cent. But, even more importantly, the Layfield proposals could be completely thrown into the "melting pot" because of the proposals for a Scottish Assembly.

In their struggle against criticisms from ratepayers and the Government, councils view the setting up of the Assembly as a serious threat to their existence. The Assembly will have responsibility in future for the distribution of RSG and, indeed, will have powers to change the complete structure of local government if it so desires.

It is now widely accepted that the Assembly will want to reform local government again particularly as it is likely to feel uneasy operating alongside an authority as big as Strathclyde. Many people are now of the opinion that a single tier structure would be the answer to the present problems.

Michael Davidson



A mixture of private and local authority housing in Newfield Road, Stonehouse new town.

HOUSING

A feeling of neglect

LAWYERS, CLERGYMEN, teachers and housing correspondents need no convincing that Scotland has a separate identity: for no matter what emerges from the devolution debate, they are all accustomed to dealing with a system which differs in essentials from the English, or "British," norm. Indeed, the gulf which separates England's housing situation from that in Scotland is at least as wide as the distinction between English and Scottish law, Anglicanism and Presbyterianism. Right at its centre is the question of tenure; in England and Wales, nearly 60 per cent. of homes are owner-occupied—while in Scotland, more than 60 per cent. are rented from one of the public authorities. England is the pride of the building societies, while Scotland is a bastion of the council scheme, in which the stunted private sector (about 32 per cent.) is largely made up of elderly properties which fall short of modern standards.

Increases

Much flows from, or is intimately connected with, that essential difference. Recent figures suggest, for example, that the rate of increase in the prices of second-hand homes of good quality in Scotland is much sharper than in every other standard region in Britain except the South East. That is not an indicator of new oil-related wealth, of some mysterious Caledonian counter-cycle, but an indication of shortage. Demand for owner-occupation in Scotland has risen, due in part to the influx of oil-related managers and in part to the steady expansion of the great English-based building societies and their advertising into Scotland: but supply is historically very low, so that no amount of mortgage-rationing can blunt inflationary pressure.

Political pressure for the sale of council houses has also risen. Scotland is now everywhere a three-party, and in some constituencies a four-party, nation: Tories, Nationalists and Liberals are all in favour of the sale of council houses, subject to varying controls, and even the Glasgow Labour Party, arch-apostles of the council scheme, have now begun to crack.

The gulf in Scotland is not between good and bad homes. Indeed, there is ample evidence to suggest that the average council house or flat offers much better amenity than the average private home. On the simple yardstick of the three amenities—indoor toilet, hot water, and a bath—the public sector consistently outperforms the private. The 1971 Census found that only 1.4 per cent. of public sector homes in Scotland lacked hot water; but 7.3 per cent. of the private sector had none. As for baths or showers, only an unlucky 1.9 per cent. of the public tenants went without; but no less than 14.7 per cent. of the owner-occupiers did. In Glasgow, inevitably, there were no less than 16.4 per cent. of owner-occupiers without a bath.

The Glasgow figures point directly at another of the key divergences between England and Scotland. A substantial component in the private sector here is the tenement single-end. Refused a mortgage by building societies who are schooled in the English tradition of the separate house and garden, many aspirant Scottish home-owners are driven into the arms of the money-lender or the landlord himself in order to buy an ageing, low-standard flat.

The working-class purchaser of the obsolete flat in the decaying urban centres accounts for part of the privately owned slums. Another contribution is made by the remote rural areas. The Western Isles, Sutherland, Wester Ross and Inverness all display more than 50 per cent. owner-occupation; but they also record rock-bottom rates of standard amenities. The cottage, like the single-end, has always been relatively cheap; but it has usually offered some element of security as its sole attraction. With the squeeze of recent legislation making privately rented accommodation an endangered species, many Scots have had no choice but to borrow short, and dear, in order to secure an unfit home.

Add to the tenements and the cottages the inheritors of property and those whose purchase is complete, and we have another anomaly, one which bears some political significance. In England, some 30 per cent. of the homes are in process of being bought; in Scotland, only 12 per cent.; the mortgage rate is a much less potent issue where so few are paying off a mortgage, and so many, in the public sector, resent the tax relief enjoyed by mortgage-payers.

The gross imbalance between the sectors is not wholly accidental, of course. The Labour Party has enjoyed a near-monopoly of local government in West Central Scotland and in Dundee for more than a generation. They have deliberately pursued a policy of maximising public housing, originally from unquestionable motives, but increasingly aware of the electoral advantages of controlling both the supply and the location of badly-needed homes. Political motive has also dictated a policy of low rents; and the consequence has been that local authorities have burdened themselves with a large housing stock, monotonous, monolithic and ungenerous, and vast housing debts which have consistently outstripped the housing income.

Outside the central belt, there are other problems: Scotland has some 100,000 tied homes, of which only about 20,000 are agricultural. The Coal Board, the Hydro Board, the Forestry Commission, the armed services, the Coast Guard, the Kirk, even the banks and innumerable private firms, have had to provide their own housing. The proportion of Scots whose homes go with their jobs (sometimes quite literally) is thus much higher than in England.

Influence

There are, furthermore, about 28,000 holiday homes in Scotland—some of them, of course, among the most outdated cottages, and some of them in the Balmoral, Glamis and Hopetoun class. Small as is this number by English standards, it is significant in a population one-tenth the size of England and Wales; for Scotland is much further away than England from the point of equilibrium when sheer numbers will no longer matter, and quality and location can begin to influence housing policy.

On the surface, Scotland can be argued to have reached this happy point already. There are approximately 1,868,000 homes and about 1,740,000 households. However, this must immediately be trimmed by the 5 per cent. usually allowed for household mobility, modernisation and redevelopment. That cuts the notional surplus to 34,600: but 180,000 homes in Scotland fall below the statutory tolerable standard, and an official survey in 1967 set a target of 273,000 unfit homes to be cleared by 1977. To date, 132,000 unfit homes have been closed—or about 48 per cent. of the work completed in 90 per cent. of the alloted time.

The supply, therefore, after deducting the unfit and the intolerable—and the holiday homes—falls well short; but the demand is understood, too. For overcrowding in Scotland is well above the United Kingdom average. The 1971 census showed that overcrowding in public-sector homes in Scotland had actually doubled in the preceding five years—a trend without parallel in England, let alone in Scandinavia or West Germany. On the standard criterion of 1.5 persons or more per room, one-third of all the overcrowding in Britain is concentrated in Scotland, with one-tenth the population: and a sixth of all the overcrowding in Britain is to be found on Clydeside. Families in Scotland are marginally bigger than the United Kingdom average, although homes are not—and much of the overcrowding is due to "extended families," where young couples share with their in-laws, and thus represent a potential household which does not figure in the official returns.

All this helps to explain the central difference between the countries; for even when Scotland's figures have been assimilated into United Kingdom ones, the U.K. can boast that its housing comes at or near the top of a league which includes West Germany, France, Canada, Japan and the U.S. Given the reality in Scotland, the only conclusion that can be drawn is that Scotland's housing is very bad. Scotland has 11.1 per cent. of the British population—but 97.5 per cent. of Britain's areas of worst multiple urban deprivation, according to a Government report published in June.

These facts, so often swamped beneath the greater weight of those from England, are of crucial political importance just now. But they are not new. Confronted with the blight of Clydeside, Governments have tried all sorts of remedies in the past. Immediately after the war, one fashionable answer was the new towns.

East Kilbride and Cumbernauld were intended first and foremost to siphon off population from the slums of Glasgow, and only secondarily to act as economic growth-points beyond Glasgow's green belt. Irvine was intended to supply a growth point for decaying Ayrshire, Livingston to foster growth between Edinburgh an gow, and Glenrothes t growth-point for Fife. I tice, all have attracte population to some degr Clydeside (and, inevit young, skilled populatio all have attracted jobs although they might n gone to, or remained in side, are neverthele source of some Gla resentment.

It is against that bac that the cancellation sixth new town, Sto should be seen. A Government has inde sented that decision overtly as the only m funding the projected face-lift for Glasgow's E

The surviving five ne are to continue growing their targets, although a steady rattle of sn from the Strathcly Lothian regions, both tend to see the new t officially-favoured cuc their nest. But ther longer any serious pr additional new town designated, and the for some time to come when the money is av will revert to what w called slum clearance, now called urban renev

Unfortunately, the years seem to have w significant change in t tions of the urban Scot the new towns are wou and urban regeneratio back into style, the peo begun voting with their the outer suburbs, green belt schemes of vate developers and the Special Housing Associ

Certainly, the pe growth of demand i years for private own directed away from the tres and towards the although in the publi there has been strong of the policy of p estates, largely on gr accessibility.

The present reality Scotland is not only d aged, but increasingly c of disadvantage; hous always been at the Scottish politics, and now not merely the sim sion of Labour — pub — private, but the dimension of Nationali Scotland's abysmal ho evidence both of neglect, and of the cynicism of the two m parties.

Samuel MacPh

Third world questions and the oil price will pre-occupy the EEC summit meeting at The Hague to-day. **Reginald Dale** reports on the problems raised by the North-South conference.

Arab oil weapon in the background

ICES next year are as n as ever, with only eeks to go before Opec 's meet in Qatar to fix anything, the prospects a more confused follow- international meetings ck that might have pro- h indication of what lies for the world economy meeting of Arab oil rs in Kuwait, and the dly final session at ex- vel of the 37-nation outh "dialogue" in

iwait the Arab Ministers d to be as far away from ent as ever on the plan- ce rise, with proposals from Saudi Arabia's 8 t. to Iraq's 36 per cent. y thing that seemed to was that prices will go t was also the view of t experts at the Paris ., who believe that after age of predictions of an from all round the mainly in the 10 to 20 t. bracket) Opec would edibility if it did not The hope, perhaps vain, quarters is that the oil s have been deliberately up the price in advance to ensure that the West s with a sigh of grati- the rise is less than it

Vest, initially apparently l to a further increase. y belatedly started to n against it, or at least eration. But the Western n has been ragged. Ger- as said it could absorb cent. increase—a figure vould be disastrous for most other oil importers. The EEC Commission has made cal- culations based on a 10 per cent. rise and OECD officials have suggested that 10 per cent. would be just about tolerable. American officials have variously argued that 10 per cent. is the absolute maximum and that even 1 per cent. would be too much.

The sidelines

On the sidelines, a war of words is raging about the rising cost of the Opec countries' im- ports of manufactured goods from the West, which the oil countries see as a key factor in determining the oil price. While the Opec secretariat maintains that the cost of these goods has risen by 40 per cent. since the oil price last went up in October 1975, some Western estimates have put the figure at 3 per cent. or less. But many Western ex- perts believe that this argu- ment is sterile. How far should one take into account, for ex- ample, the extra cost of unload- ing goods in Jeddah by helicop- ter because the port is blocked?

At the end of the day, what matters is clearly what use the Opec countries make of the figures to justify price increases, rather than the figures them- selves.

Perhaps the biggest question mark has been raised by the confused ending of the North- South dialogue session in Paris. The 19 developing countries re- presented at the talks were still insisting last week—largely at the behest of the oil countries —that the final ministerial ses- sion of the dialogue must go ahead on schedule on December 15, regardless of the meagre chances of any significant agree- ment emerging.

In doing so, they appeared to be trying to force the industrial- ised eight into a trap. If the eight proposed postponing the December 15 meeting, they would provide Opec with an excuse to raise oil prices, on the grounds that the industrialised nations had failed to meet the deadline for concessions to the Third World. If, on the other hand, the meeting took place and ended in disagreement, there would be an equally potent justification for an increase. Some Western officials believe that the hardline Opec countries are deliberately trying to stage a confrontation in Paris so as to cut the ground from under the feet of the moderates five days later in Qatar.

But it is still far from clear that the Ministerial North-South meeting will actually take place in December. Even if it does, it could decide to prolong the conference with a view to a further ministerial meeting per- haps in the late spring. Cer- tainly, the U.S. and most of the non-oil developing countries would rather wait until the new Carter administration has taken over the reins in Wash- ington, and Japan has an elec- tion on December 5. The final decision rests not with the nego- tiating teams in Paris but with governments, which have yet to make a final assessment of the mountain of paperwork thrown up by the four commissions at the dialogue in almost a year of arduous work in the avenue Kléber.

GROUPS IN THE DIALOGUE

THE INDUSTRIALISED EIGHT

Australia, Canada, EEC, Japan, Spain, Sweden, Switzerland, U.S.

THE NINETEEN

OIL PRODUCING: Algeria, Indonesia, Iraq, Iran, Nigeria, Saudi Arabia, Venezuela

NOT OIL PRODUCING: Argentina, Brazil, Cameroon, Egypt, India, Jamaica, Mexico, Pakistan, Peru, Yugoslavia, Zaire, Zambia

The extent to which the Opec countries really want to link the dialogue directly to the oil price, is in any case far from clear. Sheikh Yamani, the Saudi Arabian Oil Minister, who originally appeared to be mak- ing western concessions in the dialogue a pre-condition for limiting the increase of the oil price, appears content to let the Paris talks continue next year. Wielding the oil weapon in the dialogue is a convenient way for the oil countries to demonstrate that they are main- taining their role as champions of the Third World.

Last week's manoeuvre was also almost certainly designed to step up the pressure on the EEC summit which opens in The Hague to-day and is due to discuss North-South issues. But in the final analysis, the Oil Ministers in Qatar are more likely to base their decision on more national considerations such as their assessment of the price the market can take and on their own economic needs. Progress, or lack of it, in the dialogue can then be used to provide the political justifica- tion.

Progress in Paris so far has been painfully slow, and it is hard to see how a meeting in December could conceivably achieve a breakthrough. Even in the unlikely event of the Community agreeing to signifi- cant new concessions in The Hague, the outgoing American Administration is in no position to follow suit, and there can be no question of the dialogue concluding successfully on the basis of the present U.S. posi- tion. The major Western countries know they will have to make concessions at the end of the conference, but their tactic throughout has been to hold out as long as possible. The industrialised countries, of course publicly reject linking the dialogue with the oil price —in the sense that they do not want to be obliged to make con- cessions on other dialogue issues, such as debt relief, in order to keep the oil price down. Privately, the more cynical Western officials admit that the main purpose of the dialogue is to ward off big oil price rises by keeping the Opec countries talking.

Certainly one of the main Western aims in Paris is to secure agreement that the Energy Commission at Paris continues in some form or other after the other three Com- missions—on finance, develop- ment and raw materials—are wound up. The 19 developing countries are unlikely to agree to this without at least some token acceptance by the eight industrialised participants that negotiations can continue on the other issues as well. The 19 after all went to great lengths to ensure that the dialogue was not limited to energy before agreeing to participate in the first place. But some such deal might be possible, given that there is no other international forum for energy consultations.

The two sides are still far apart on most of the major issues raised in the Energy Com- mission. The eight still resist the demand that oil prices be indexed to the price of manu- factured goods, and are reluctant to accept suggestions that they should subsidise the oil imports of the non-oil developing countries and pro- vide funds for them to develop alternative energy sources. They have also turned down requests for guarantees that the Opec countries' financial assets will not be eroded by inflation. For their part, the 19 have declined to discuss long-term oil supply arrangements or to undertake that there will be no more embargoes.

But the eight would prob- ably be prepared to accept a commitment to improve energy conservation techniques, increase the availability of alternative sources, and reduce their dependence on oil—pro- vided the 19 recognised that the West will still need continuing oil imports for some time to come. The industrialised coun- tries would probably also agree that oil prices should not be eroded by inflation, provided the Opec countries accepted that price increases should take account of the state of the world economy. The West would also probably agree to greater tech- nological co-operation in the development of alternative sources.

Third World

In other areas of the dialogue, the eight are still resisting a long list of demands, including requests for massive funds for agricultural development in the Third World, the abolition of all tariff and non-tariff barriers on developing countries' exports, and the free transfer of tech- nology. The industrialised countries have refused to dis- cuss the demands of the 19 for international monetary reform in the context of the dialogue. But there could well be scope for an agreement on invest- ment, under which the West would provide greater access to its capital markets in exchange for better protection for its own investments in developing countries.

There is, in fact, still room for negotiation in many more technical areas if the eight were prepared to move closer to the 19 on their three major political demands—a renewed commit- ment to reforming the structure of world trade in commodities, indexation, and, especially, debt relief, the key symbolic issue for the developing countries. Here the eight have moved a little, with under- takings to be rather more generous in future debt re- scheduling. But they are still rejecting demands for immedi- ate, generalised relief for all the poorest and most afflicted countries. The thinking of the eight here seems to be to offer increased development assist- ance instead.

With hundreds of pages of documents on the table, each one riddled with disputed passages, it would require a miracle for the whole dialogue to be wrapped up next month. If the oil countries continue to insist that the attempt be made they will clearly be deliberately risking a major showdown. But even if the industrialised countries manage to slip off the hook and delay the final reckon- ing, they may not have defused the oil weapon for more than a few months. They could well find that a postponed ministerial meeting in Paris coincided uncomfortably closely with the next Opec oil price talks in May or June next year.

Letters to the Editor

ation ounting

ofessor John Grinyer rs I. Symon and R. Lyon

ne must sympathise views of Mr. Orr, chair- Unilever, as reported by Lafferty on November 23. iew they did not, how- epresent a realistic to the problems of accounting. aid that "beauty is in f the beholder," and the uld perhaps be said of Business events can be quite differently, and y, by individuals whose ves are based on dif- ssumptions. Thus with ng we find that the which one believes to the most realistic report performance will vary 's assumptions. ferent assumptions may most appropriate in dif- circumstances and for purposes we think that. deal world, accountants rovide a variety of in- neasures, which would the informed user to e one appropriate to his need. There seems to be ent view, however, that not in an ideal world, so ltiple accounting profit vould confuse the reader age the credibility of the ncy profession. Given arent prevalence of this profit figure school of one is faced with the o select the single (i.e. the single set of ions) which caters for test range of needs and, lly, when misused be- the lack of more rele- a, is capable of causing mage to the individual economy. y the selection of a single leasure is a matter of ficulty and is based on t and not infallible logic. ly there can eventually majority consensus of that we have, within the sary constraints imposed requirement for a single ure, selected the method ting which is most rele- most users. This matter ortant. It cannot be without adequate debate. s not provided by the tions of a few wise men in secrecy. urse Mr. Orr has prob- ut in part they derive e taxation system. As we en in the case of stock is possible to alter that when such action is con- desirable. But let us not sarily sacrifice our report- tem as a temporary ex- which might become a ent imperfection

Grinyer,
Symon,
A. Lyon,
nent of Accountancy,
iversity.

e fittest vive

Ir P. Young

-Unfortunately cynicism s industry occurs not only mass media, as Lord fairly points out (Nov. t in industry itself. As a on industry I meet people evels: ask them how they ing and all too often the is: "surviving." is most evident in middle ement and below. People emselves to be part of "a tative, conflict-ridden rat- Ability, loyalty and so on to count for little. Doing is a lesser concern. The ant thing is to survive economic forces, company politics or whatever else is mak- ing them feel insecure. In these circumstances top management admits it has a problem in moti- vating people. There is not the will to win.

I agree with Lord Brown that, presenting "news" rather than information, the mass media are a distorting mirror of industry but they are also reflecting a malaise that is only too real.

P. Young.
21, Keble Close,
Pound Hill,
Crawley, Sussex.

Suffer little children

From Miss S. Lucas.

Sir,—Our infant and junior schools are situated approxi- mately 800 yards from the end of the southern runway at Heath- row airport. This runway is in constant use due to the pre- vailing winds. If the aircraft are landing over the school the noise is appalling; if on take-off, it is excruciating, as they pass directly overhead at between 500 and 1,000 feet, recording between 92 and 104 decibels.

The junior school has two sound-proofed rooms out of 13 and the noise is so disturbing that communication and teach- ing are all but impossible. The long-term effects on the children and staff are not known, but are clearly damaging.

For the past six years the staff of the junior school has been appealing for help. Unfortun- ately, the cost will be high due to the structure of the building. The local authority, however, has agreed that the work is essential, and has tried to raise the neces- sary money, but permission has been refused.

S. M. Lucas.
(Member of staff.)
Beavers Infants School,
Arundel Road, Hounslow, Middx.

Japanese economy

From The Chairman,
G.T. Japan Investment Trust.

Sir,—Mr. Kinsley (November 24) suggests that I have missed the point in my answer to his previous letter. In fact he appears to be making two points, with which I will again attempt to deal.

In the first place he draws attention to the problems which would beset the main exporting companies if other countries were to restrict imports from Japan. It is important to realise that a substantial and increas- ing part of Japan's trade is with other Far Eastern countries. The trade conducted by these coun- tries with Japan is far more important to them than it is to Japan herself, and it seems unlikely therefore that they would adopt the hostile attitude that Mr. Kinsley is suggesting. Similar considerations apply to Japan's trade with Africa, the Middle East and South America, and even in the case of the U.S., the importance of Japan in matters of foreign policy would make it improbable that any major trade restrictions would be introduced.

This leaves Europe as the most likely area for action, and as I have already indicated, Europe takes less than one-fifth of Japan's exports. It is true that the percentage in the industries which Mr. Kinsley mentions might be somewhat higher, but for the consequences which he expects to result, there would have to be concerted action by the Common Market countries. Even then, he is probably under- estimating the vigour and ability with which the Japanese respond to changed economic conditions.

With regard to the valuation of Japanese shares, Mr. Kinsley points to the differential in the yields obtaining between the New York and Tokyo markets. Even in the U.S. and the U.K., although there has been a swing back to regarding dividend pay- ments as an important criterion of investment value, it is surely not the only one; otherwise ICI would be on the same yield as War Loan. In Japan the growth of dividends is limited by the custom whereby companies pay a maximum of 20 per cent. of nominal capital. As a result the fastest growing companies have a low dividend pay-out.

In my previous letter I attempted to show that due to the different methods of account- ing employed in Japan, cash flow is perhaps the most im- portant criterion of a company's ability to grow, and therefore in its evaluation. In that regard the major stock indices in both Japan and the U.S. are standing at approximately seven times cash flow, and there are few people who suggest that the U.S. market is seriously overvalued.

W. T. J. Griffin.
1st Floor,
Park House,
16, Finsbury Circus, E.C.2.

Personnel and unions

From Mr. P. Rogers

Sir,—The letter from Messrs. Allen and Moores of the Indus- trial Society (November 24) is a fascinating insight into the aims and attitudes of the Society.

Those who, in their innocence, may imagine that the Industrial Society is an impartial, open- *minded body existing for the* purpose of giving unbiased advice to both sides of industry, will be sadly disillusioned. The Industrial Society appears to be completely dedicated to the ex- tension of trade unionism, irre- spective of circumstances. It appears to be totally unaware of the possibility that there may be cases where there is a better approach to labour relations than formal unionisation and it pur- sues its intentions under a cloak of impartiality.

Thankfully, perhaps, the Insti- tute of Personnel Management may understand that a call for unionisation is a clear indication that relationships are not right, but it does not follow that unionisation is the solution.

P. S. Rogers
31, Wheatlands Road East,
Harrogate.

Solar heating appliance

From Mr. J. Eedle

Sir,—In the recent letters which you have published the use of solar energy for domestic hot water supplies has been com- pared in costing with the use of electricity for this purpose, in- cluding the capital cost of the electricity supply industry.

My family had a solar heating installation made in August, 1975, to supplement the exist- ing water heating system which uses smokeless coal. The capital cost of the additional installa- lation (in a slightly awkward Victorian house) was £920. We were informed that the amount of electricity used by the little pump is approximately the equivalent of one extra light. The house was already fully wired for electricity and fitted with its hot water system and coal cellar, so that these capital costs had previously been absorbed.

We formerly used two tons of fuel a year. In the autumn of 1974 we had paid £31.20 for a ton. In September, 1975, we had young relatives visiting, and the new installation easily doubled the previous hot water capacity. On many winter days the addi- tional warm water tank becomes quite warm and we have tried to use coal economically. This summer we stopped using the boiler altogether for about three months. Instead of ordering the next ton of coal in August we did not need it until November, but it has now cost £38.20.

These are the factors noted in this household. If the cost of importing oil rises again as it is feared may be the case, and such oil is used to a large extent to produce electricity or to heat domestic water supplies, it would seem that in addition to petrol rationing a means to im- proving the country's position could be the far wider use of solar heating. If it is also the case that the North Sea oil sup- plies are already bespoken to meet our huge Government and public sector debts, we cannot rely on these supplies for our own benefit.

J. M. Eedle,
35, Stilehall Gardens, W.4.

Salaries and pensions

From Mr. B. Webb Ware.

Sir,—I welcome Mr. Palmer's letter (November 20) tacitly accepting that an index linked pension is quite different to an inflation proofed pension, des- pite those proclaiming the oppo- site view and hell bent on reducing everyone to an equality of misery.

It is interesting that among those campaigning for increases in nationalised industry board chairmens' salaries is Mr. John Lyons, general secretary of the Electrical Power Engineers' Association. Perhaps it seems surprising that he should be con- cerned about the chairman's remuneration, until it is obvious on reflection that restraint on the chairman's salary bears down on the salaries and pen- sions of all staff in the industry. Hence my choice (November 13) of the chairman of the Elec- tricity Council as a relevant example of public sector versus private sector pensions. I had also hoped that passing reference to one of the three most senior positions in all the armed forces would indicate that if his pension compared un- favourably with the private sec- tor, so must the pensions of all staff under his command. In this context one is comparing the pensions of tens of thousands not of individuals.

Without knowing the extent of future rates of inflation and taxation, nobody can say how pensions should be funded or otherwise provided for. But Mr. Palmer might find it an instruc- tive exercise to write up the salary of any typical staff em- ployee with ten or 20 years ser- vice before him to keep pace with a flat rate of 15 per cent. inflation per annum, assume that he then retires on half pay and calculate how much nett pur- chasing power would accrue from his pension after income and higher rate tax at current rates. Note that I do not sug- gest considering the case of a pensioner, even with an index linked pension, over the same period. If he survived that long he would be vastly worse off.

I hope that this will bring home the point that the real twin enemies are inflation and exces- sive taxation, not unconnected in themselves. To that extent we are all in the same leaking boat. Do let us work together rather than stopping bailing and starting to quarrel about which end is sinking faster.

B. Webb Ware.
Stoberry Cottage,
Graffham,
Nr. Petworth,
Sussex.

To-day's Events

GENERAL

Two-day EEC summit meeting opens, The Hague.

CBI Economic Situation Com- mittee meets.

EEC Education Ministers meet, Brussels.

Scottish miners' delegates discuss arrangements for ballot on early retirement.

National Wool Textile Industry Act aid scheme announced.

Council of Copper Exporting Countries begins six-day meeting to discuss stabilisation of world copper prices, Santiago.

Commonwealth Science Council two-week meeting opens, Colombo.

Sir Monty Finniston, chairman, Sears Engineering, chairs one- day conference, Democracy in Industry—the Practical Implica- tions, Royal Lancaster Hotel, W.2.

American Government spon- sored exhibition of U.S. scientific and industrial laboratory instru- mentation opens, U.S. Trade Center, 4/5, Langham Place, W.1.

London Chamber of Commerce debriefing following recent mission to Saudi Arabia and Yemen Arab Republic, 69, Cannon Street, E.C.4, 11 a.m.

Sir Robin Gillett, Lord Mayor of London, attends Bakers' Company dinner, Mansion House.

Ban on transferring number plates lifted from to-day, but new applications should not be made until January 10.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Queen's Speech—industry and employment. House will divide on a Conservative amendment.

COMPANY RESULT

A.N.Z. Group Holdings (full year).

COMPANY MEETINGS

See Week's Financial Diary on Page 10.

MUSIC

NDR Symphony Orchestra, Hamburg, conductor Moshe Atzmon, with Clifford Curzon (piano), in programme of Beethoven (Overture, Leonora No. 3); Mozart (Piano Concerto in A major, K.448); and Brahms (Symphony No. 1 in C minor), Royal Festival Hall, S.E.1, 8 p.m.

Schools Prom., featuring out- standing performances from 1976 National Festival of Music for Youth, Royal Albert Hall, S.W.7, 7.30 p.m.

BBC Symphony Orchestra, con- ductor Pierre Boulez, in premiere of works by Sinopoli and Carter, The Round House, Chalk Farm Road, N.W.1, 8 p.m.

Geoffrey Saba gives piano recital of music by Chopin and Schumann, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

COMPANY NEWS

Benfield and Loxley poised for expansion

MEASURES taken at Benfield and Loxley will have some immediate effect but the long term planning will prove to be stabilising and ensure that the group is in a position to take advantage of any upturn in the economy, Mr D. W. Olney, chairman tells shareholders.

"The group is ready and able to face the challenge of the future," he adds.

Being the company's centenary, the chairman says he was hoping to present accounts showing profits in excess of £100,000 for the year ended February 29, 1976. This ambition would have been achieved had it not been for the serious problems which arose in the W. and W. Group in Guildford, which was acquired during the year. It has also been necessary to put Interplan System 50 B.V. into liquidation.

Because of these situations the group incurred a loss of £93,000 for the year, against an £56,000 profit previously. Steps have been taken to halt the loss situation by closing Merrow Gauge and Tool and by improving production efficiency of Merrow Associates and the company now looks set to take advantage of the demand for high class furniture.

Claims for damages in excess of £200,000 have been instituted against the vendors of the W. and W. Group for breach of warranty.

The purpose of setting up in Holland was to widen the scope of the shopfitting activities and this venture was showing signs of becoming a very viable proposition, says the chairman.

However, with the down turn in the building industry in Holland the air channel division, which was the larger part of the company's activities, suffered a severe setback.

As reported on November 20, B. and L. is to sell the four building companies within the group for £150,000 cash to Reed and Mallik.

Following the transactions, Benfield and Loxley intends to change its name to Interplan Industrial Holdings.

Meeting, Oxford, December 16 at 11.30 a.m.

HIGHLIGHTS

There was even less around than usual over the week-end and to-day is also shaping up to be quiet, with the only major result coming from the ANZ Group. However to-morrow gets the week going with full year figures from International Computers and the interim from Rothmans International, plus a host of other notable names such as Swan Hunter and Scottish and Universal Investments. By contrast company results on Wednesday look set to slow down to a relative trickle, while Thursday brightens up with the third quarter figures from British Petroleum and preliminary results from Bass Charrington and National and Commercial Banking.

Great Central Railway seeks extra £80,000

Mr. Bill Ford, chairman of the Great Central Railway has warned shareholders at the annual meeting that operations between Quorn and Rothley will cease on December 31, unless the share issue made last May could raise a further £80,000.

Mr. Ford added that this would mean the end of the attempt to recreate main line steam operations on this line because the section from Loughborough to Quorn is too short for this purpose, and in any case would be difficult to operate economically.

In May this year the company offered 1.5m shares to the public at 25p each to raise some £330,000. The proceeds were to be used to purchase the track between Loughborough and Quorn from British Rail.

In fact £163,000 has been raised to date and the line to Quorn purchased, but if the company is to complete the second phase of its development it needs the extra £80,000 to buy the track on to Rothley. Once the December deadline has been passed British Rail could then take up the track.

With only four weeks to run the chairman told the meeting that it was up to all those who wanted to see the continuation of steam locomotives on the Great Central to do all they could to promote the share issue.

The Great Central Railway Company can be contacted at PO Box 33 Great Central Station, Loughborough, Leicestershire.

Headway from W. Williams

TURNOVER of W. Williams and Sons (Holdings) rose from £2.52m. to £2.42m. in the first half of 1976 and pre-tax profits were up at £125,000 against £70,000 in the same period last year.

The net interim dividend is lifted from 0.3p to 0.3o per 25p share. Last year's total was 0.8p from pre-tax profits of £94,926, down sharply from the previous year's £314,691.

The group trades as non-ferrous metal diecasters, founders, stockists and engineers.

Drayton Consolidated policy

The policy at Drayton Consolidated Trust has been to concentrate the U.K. equity portfolio on companies with either high overseas earnings or a substantial level of exports, Mr. Philip Shelbourne, chairman, tells members.

Despite continuing restraint on the rate of increase in dividends in the U.K., the earnings for the year to September 30, 1976, increased by 8 per cent. over the previous year. Income from shares and securities has shown an increase of approximately 13 per cent., reflecting dividend growth both in the U.K. and overseas.

The increase in income from overseas reflects not only a rise in local dividends, but also the decline in the sterling exchange rate. Deposit interest declined as a result of the more fully invested position held during the year. Total expenses increased by 8 per cent. principally reflecting the higher cost of servicing the dollar loan resulting from the decline in sterling. Revenue, before tax, rose from £2.27m. to £2.53m.

The balance-sheet shows net assets, at September 30, 1976, of some £66m. compared with approximately £60.3m. at the previous year end. The net asset value per Ordinary share rose from 153½p to 171p.

Meeting, 117, Old Broad Street, December 22, at 2.30 p.m.

Charities Property

A clutch of rent reviews has lifted property earnings for 1975-76 at the Charities Property Unit Trust by 30 per cent., providing a yield of 11 per cent. on a portfolio valued at £5m.

The valuation was undertaken in July on the basis of an "open market," a change in policy which meant an overall decline of 4.5 per cent. in the value of the portfolio. Since then, according to Mr. C. J. Baker, the chairman, there has been a further fall in the value of the fund by 5 per cent. as a result of the 1 per cent. yield rise in properties following interest rate rises.

The fund is cushioned by the fact that it is 15 per cent. liquid and has 16 per cent. of its property portfolio in farmland which has so far been unaffected by yield movements.

Speaking at the AMG, however, the chairman warned that "unless there is an early reduction in interest rates we can expect a further softening in values."

Profit upturn at Narborough Rubber

Profits before tax of Narborough (FMS) Rubber Estate increased from £72,414 to £123,497 in the year ended June 30, 1976. Net profit was higher at £70,233 against £39,391.

The company's estate has been valued as at June 30, giving rise to a capital surplus of £373,699 which has been credited to capital reserve account.

A final dividend of 25 per cent. less Malaysian tax makes a total of 40 per cent. for the year compared with 19 per cent. previously.

FT Share Information Service

The following securities have been added to the Share Information Service: —

Baxter Travenol Labs. Inc. (Section: Overseas—New York).

Waste Management Inc. (Section: Overseas—New York).

Border & Southern prospects

ESTIMATES for the current year suggest that Border and Southern Stockholders Trust can look for a modest increase in revenue in the current year and the directors will try to keep earnings moving upwards, says Mr. C. A. McLintock, chairman.

He states that until things improve in the U.K. it is the directors' policy to maintain a substantial overseas content in the portfolio. Nevertheless the bulk of the company's income—some 84 per cent. last year—is derived from the U.K.

As already reported, pre-tax revenue for the year to September 30, 1976 expanded from £1.9m. to £2.18m. and basic earnings per 50p share rose from 6.16p to 7.21p. The dividend total is stepped up from 4.8p to 5.5p net. Net assets per share increased from 274p to 313p.

The balance sheet shows cash at the end of the year of £5.7m. (£1.3m.). This represents the defensive position taken up by the managers in a climate of uncertainty, says Mr. McLintock.

The company's twenty largest investments are valued at £27.6m. and represent 41.1 per cent. of total net resources.

Hanimex first quarter growth

Group sales of Hanimex Corporation for the first quarter of the current year show an increase of 30 per cent. over the same period last year and the directors expect this growth to continue throughout the first half.

They anticipate that profits will benefit from the increase in sales and will also show "considerable" growth.

The company operates as manufacturers and wholesalers of photographic equipment, etc.

London & Montrose well placed

WITH REGARDS to the future, London and Montrose Investment Trust is well placed to meet eventualities, says Sir Reginald Wilson, chairman.

Sir Reginald points to the rise in net asset value since 1965. With the underlying portfolio valued at £20.1m. on September 30, 1976, and allowing for the current assets and liabilities and the debenture and Preference capital, a net worth of £19.5m. is implied. This is 222 per cent. of the 1965 figure. However, the portfolio valuation now reflects about £3.8m. of investment currency premium and the decline in sterling has also increased the valuations of foreign securities.

Without analysing the situation in detail, the chairman says it should be pointed out that the bulk of the so-called discount at September 30 was a consequence of the investment currency premium and of the great disparity in sentiment and environment between the London Stock Exchange and the exchanges in foreign countries.

So for portfolio purposes, and for arriving at the net asset value, the very high price/dividend ratios of the foreign investments (especially when the investment currency premium is reckoned in) affect the figures whereas translated into terms of the London market the yield from these foreign securities represents indirectly, via the low price/dividend ratio prevailing here for even the best of companies, a market capitalisation based on a much smaller multiplier.

In such circumstances the existence of a big "discount" is not likely to be an indication of poor portfolio management, as is sometimes assumed. Rather, perhaps, the reverse, stated Sir Reginald.

As already reported, revenue before tax for the year to September 30, 1976, was £763,399 (£702,242). The year saw a shift towards lessening the funds previously held, liquid in the company, and an increasing tendency to spread rather more widely the geographic and economic distribution of the portfolio.

The company's 20 largest investments are valued at £6.34m. and account for 32.48 per cent. of the portfolio.

Meeting, Bucklersbury House, E.C., on December 16 at 3.15 p.m.

Newman-Tonks sales jump

Mr. Michael Wright, chairman of Newman-Tonks, reported to the annual meeting that sales for the first quarter of the current year had increased by 30 per cent. in value over the corresponding period last year. Profitability had also increased and the order books for main product lines were still satisfactory.

However, he foresaw the possibility of a recession in the spring of next year for some group products because of the general depression in the building industry.

Mr. Wright made particular emphasis of the importance the company attaches to the purchase of the factory in Eire. Aluminium diecastings produced there would be a major diversification which he believed in the medium term would show a good profit potential.

For the current year he was confident that the group's organic strength, together with plans for the future, "will sustain us through these difficult times."

Pernas replies to Sime Darby

IN A LETTER to Sime Darby shareholders, N. M. Rothschild and Sons, who write on behalf of their clients Pernas Securities and their affiliated company Rothputra Nominees, deny that their proposals to remove four Sime Darby directors from the Board and replace them with three of their nominees were an attempt to "muzzle" the company.

Rothputra hold over a quarter of Sime Darby's shares and Pernas a further 8.5 per cent. and have proposed the election of three ASEAN businessmen—from Singapore, the Philippines and Malaysia—to be considered at a poll vote on December 10.

Rothschilds deny that the minority shareholders are attempting to determine the composition of the Board and that the new directors will be under the control of the Malaysian authorities or Pernas.

They point out that the three directors who will be replaced if the Rothputra candidates are elected are all members of the Group Executive Board of Sime Darby, under its two-tier management structure, and will therefore be able to contribute to the formulation of the policies established by the Board of directors.

Rothschilds find it significant that the election in April 1976 of the three directors, whose appointments have not yet been voted on by shareholders, followed a request by Pernas to appoint three additional directors, thus filling all the vacant seats on the Board and "leading to this contested election."

Pochin's in good position

BUILDERS and civil engineering contractors, Pochin's has adequate cash resources and is well placed to undertake additional work in the event of any unexpected upturn, Mr. C. W. Pochin, chairman, says in the annual report.

In the short term the order book remains satisfactory and the directors are hopeful that potential contracts at present in the pipeline will be brought to fruition.

However, the chairman says, it would be "extremely imprudent" to forecast the outcome of the current year.

In the year ended May 31, 1976, pre-tax profits improved from £282,065 to £407,137. Turnover was higher at £9.36m. (£8.52m.).

Speedwell returns to profits

Sheet metal engineers Speedwell Gear Case switched out of loss for the year ended July 31, 1976. Against a pre-tax loss last time of £82,320, the company has made a profit of £22,212.

Sales improved from £1.18m. to £1.39m. There was a tax charge of £12,250 against a credit of £37,750. An extraordinary credit, relating to a subsidiary's debit, previously written off and now recovered, is not included in the results.

Again there is no dividend. The last dividend payment was 0.41873p net per 25p share for 1974, when profit was £27,473.

GUS sees improvement

Sir Isaac Wolfson, chairman of Great Universal Stores, told shareholders at yesterday's annual meeting that "the unaudited results for the first six months showed that sales and pre-tax profits had improved over the same period last year, after providing a large increase in the deferred profit provision.

"So far as the group is concerned, we have been successful to a degree in meeting the many challenges that confront us, and to the best of our ability will continue to do so. Our geographical and product spread, managerial experience, and strong finances, are particularly helpful factors," he said.

LAMIT FUNDS

A revaluation at August 31 of the funds set up by the Local Authorities Mutual Investment Trust shows the Wide-Range Fund at £35.97m.—including £9.06m. in property—(£38.49m. at February 17). Basic value per unit was 142.95p general (154.35p) and 142.7p (154.1p) superannuation.

The Narrower-Range Fund was revalued at £1.64m. (£3.12m.) and the Property Fund at £46.37m. (£43.82m.).

J. Bibby offer unconditional

Following the extension by two weeks of the offers on behalf of J. Bibby and Sons for the Ordinary stock and Preference shares in Clyde Paper Company the following acceptances had been received by November 24.

In respect of the Ordinary offer 3,013,088 Units, representing 91.08 per cent. of those in issue; and in respect of the Preference offer 223,196 shares (93.00 per cent.). The Offers have been declared unconditonal, and will remain open for acceptance until further notice.

PHILLIPS PATENTS

Phillips Patents (Holdings) has passed the dividend on the 7½ per cent. Preference shares for the 6 months to November 30, 1976.

Confidence at London Shop

A SURVEY made of London Shop Property Trust's U.K. portfolio shows "extremely gratifying" results and augers well for the group's long term future, Sir Cyril Black, chairman says in the annual report.

The survey covers the next 10 years and shows that rent reviews and renewals, based on current market rents, occurring during that time will result in an increase in rents receivable of no less than £931,000 of which £870,000 will be received in the next five years.

The group has now completed three developments which were in the course of construction, and the letting situation is most encouraging, says the chairman. The Brixham building was pre-let to the National Westminster Bank. The office development at Hertford St., W., is now let at a very substantial rent, and the shopping centre at Mold has only two units remaining available out of the original 29.

During the past year directors have not started any new projects and it is unlikely that many new schemes will be started for a few years and those that are will have had the most thorough investigation to ensure their viability in the face of increased land legislation, planning complications, taxes and rising costs, says Sir Cyril.

The return to normality in the property market has enabled opportunities to be taken of selling properties held by investment and trading companies within the group and the sale prices obtained have strengthened the Board's opinion that valuations made in 1972 still reflect the current value of those properties still held.

For the year ended April 30, 1976, group profits before tax amounted to £500,604, against £512,563 previously. The dividend is maintained at 2.9548p.

Property revenue rose by nearly 7 per cent. and gave an increase of just over £76,000 over the previous year, while at The Trend Housing Group house sales in the first few months of the current financial year have been good and the indications are that, should the improvement in the housing market in East Anglia continue, the current year's results will show a return towards the normal profitability expected from this sphere of operations.

The Board has never sought to increase the scale of its hotel operations and since the end of the year has received an offer for the hotel, which it considers should be accepted. The re-investment of the cash resulting from the sale, in the reduction of short term borrowings, will give a useful increase in the profit before tax.

Income from associated companies rose by almost £11,000, an increase of 20 per cent. Interest payable has risen by just under £100,000 and this is accounted for by the fact that the general easing of interest rates during the first half of the year was not maintained. The percentage increase in net interest payable was 10.25 per cent. compared with a 35.5 per cent. increase in the previous year, and can be considered reasonable in the circumstances.

Meeting, Winchester House, E.C., December 16 at 2.30 p.m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Chamberlain Phipps, L... Caravan Parks, Mansfield Brewery, ...shalls (Halifax), Property and Reversionary Investment, Ropner, Silk... Lubricants, Valor.

Finals—ANZ Group, Matthew B..., William Mowat, Park Place Investments, Phoenix Mining and Finance, Tomkinsons.

FUTURE DATES

Interims—
Braithwaite (Engineers)
Buckley's Brewery
Carding Group
Castings
English Card Clothing
Graham Wood Steel
Lennons
Morgan Grampian
Norton (W. E.)
Sekers International
Vaux Breweries
Whitecroft

Finals—
Ashbourne Investments
Hanson Trust
Hardys and Hansons
Judge International
Spooner Industries
Williams (John) of Cardiff
Yarrow

BUTTERFIELD HARVEY

Butterfield Harvey proposes to repay the £1,085,393 8 per cent. debenture stock 1987-92 at ... per cent.

RESULTS AND ACCOUNTS IN BRIEF

CITY AND COMMERCIAL INVESTMENT TRUST—Asset value per capital share 671p at October 31, 1976 (1125p at July 31, 1976).

CULLEN'S STORES—Pre-tax profit £171,491 (£161,737) for 26 weeks to August 31, 1976. Interim dividend 0.65p (same) and 4.15p total, already announced.

G.R. (HOLDINGS) (Processing and merchanting of sheepskins and furs, manufacture and sale of garments, etc.)—Results for year to June 30, 1976, reported November 18. Group fixed assets £1.91m. (£1.84m.). Net current assets £4.65m. (£[illegible]m.). Meeting, Chartered Accountants Hall, EC, on December 17, at noon.

HARTLEY INDUSTRIAL TRUST—[illegible]

HAY AND ROBERTSON—[illegible]

KILLINGHALL—[illegible]

MORAN TEA HOLDINGS—[illegible]

SCOTTISH NATIONAL TRUST COMPANY—[illegible]

SMITH AND PEARSON—[illegible]

YORKSHIRE AND LANCASHIRE INVESTMENT TRUST—[illegible] Meeting, Manchester, December 20, [illegible] p.m.

(هكذا من الأصل)

[Im]pending dividends [ti]metable

[For] the convenience of readers the dates when some of the [im]portant company dividend statements may be expected in [the next] few weeks are given in the following table. The dates [a]re those of last year's announcements, except where the [forthcom]ing Board meetings (indicated thus*) have been officially [announce]d. It should be emphasised that the dividends to be [declared] will not necessarily be at the amounts or rates per cent [shown in] the column headed "Announcement last year." Preliminary [fig]ures usually accompany final dividend announcements.

Company	Date	Announcement last year	Company	Date	Announcement last year
[illegible]	Nov. 30	Int. 3.3	Johannesburg Cons. Group	Dec.	Dividends
[illegible]	Dec.	Dividends	L. Sluys	Dec. 9	Final 7.9
[illegible]	Dec.	Dividends	*Lindustries	Dec. 15	Sec. Int. 12
[illegible]	Dec. 7	Int. 12	*Lloyds and Scottish	Dec. 9	Final 1.1
[illegible]	Dec. 12	Int. [illegible]	Lep International	Dec. 15	Int. [illegible]
[illegible]	Dec. 16	Final [illegible]	Lyons (J.)	Dec. 7	Int. 3.1
[illegible]	Dec. 9	Int. 11.4	[illegible]	Dec. 14	Int. 5.5
[illegible]	Nov. 23	Final 7.1	[illegible]	Dec. 2	[illegible]
[illegible]	Dec. 3	Int. 4.6	[illegible] Commercial	Dec. 2	Final 5.7
[illegible] Group	Dec.	Dividends	Northern Foods	Dec. 21	Final 9.2
[illegible]	Dec. 2	Final 15.0	[illegible] Hattersley	Dec. 8	Int. 15.7
[illegible]	Dec. 11	Int. 4.6	*Philips Lamps	Dec. 10	Int. Fls 0.46
[illegible]	Dec. 17	Final 21	*Pilkington Bros.	Dec. 9	Int. 4.7
[illegible]	Dec. 22	Final 9.7	*Racal Electronics	Dec. 2	Int. 2.8
[illegible] Group	Dec. 16	Final 8.7	Rank's Hovis	Dec. 7	Final 9.5
[illegible]	Dec. 15	Int. 9	Ransome Hoffmann	Dec. 9	Final 11.9
[illegible] Group	Dec. 15	Int. 13.5	*Reinmans International	Nov. 30	Int. 7.4
[illegible]	Dec. 2	Int. 5.9	*Scottish and United Invs.	Dec. 21	Int. 22.4
[illegible]	Dec. 17	Final 12.9	*Sears	Dec. 14	Final 3.5
[illegible]	Nov. 30	Int. 11	Stand. Chartd. Bank	Dec. 2	Int. 10.4
[illegible]	Dec. 15	Int. 6.2	Turner Hunter	Nov. 30	Int. 4.0
[illegible]	Dec. 1	Int. 11	Trafalgar House	Dec. 17	Final 16.1
[illegible]	Nov. 28	Int. 6.5	[illegible]	Dec. 10	Int. 4.5
[illegible]	Jan. 27	Int. 5	Union Corpn Group	Dec.	Dividends
[illegible] Group	Dec.	Dividends	*Vaux Breweries	Dec. 16	Int. 3.5
[illegible] Group	Dec.	Dividends	[illegible]	Dec. 2	Final 7.5
[illegible]	Nov. 25	Final [illegible]	*Woolworth		
[illegible]	Dec. 3	Int. 18	[illegible]	Dec. 10	Int. 10.5
[illegible]	Dec. 11	Final 23			
[illegible]	Dec. 14	Int. 4.5			
[illegible]	Dec. 19	Int. 6.1			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

[Pub]lic Works Loan Board rates

[No]n-quota loans B are 1 per cent. higher in each case than non-quota loans A. ‡ Equal instalments of principal. § Equal repayment. Effective from November 27, 1976.

Years	Quota loans repaid by EIP‡	by ER§	at maturity	Non-quota loans A* repaid by EIP‡	by ER§	at maturity
[illegible]	14½	14½	14½	15⅛	15⅛	15⅛
[Over 5, u]p to 10	14¾	15	15¼	15⅝	15⅝	16
[Over 10,] up to 15	15¼	15⅜	15⅜	15⅞	16	16¼
[Over 15,] up to 25	15⅜	15½	15½	16⅛	16¼	16¾
[Over 25]	15⅝	15⅝	15⅝	16⅜	16⅜	16½

[Sim]s setback blamed [on] poor steel market

[BY JA]MES FORTH — SYDNEY, Nov. 28

[SIMS C]ONSOLIDATED, which [announce]d a one for five scrip [issue onl]y two months ago, now [faces a] sharp setback to profit [in 1976-7]7. Mr. J. H. Broinowski, [chairman], gave shareholders the [warning] in Sydney to-day at the [company']s annual meeting. He [blamed t]he setback on the poor [steel mar]ket which had resulted [in] lower prices for scrap.

[Althou]gh Sims has diversified [recently] through takeovers in [recent ye]ars into a broad range [of areas s]uch as women's founda[tion garm]ents, rural machinery [and com]puters, its scrap metal [operation]s still account for about [... per ce]nt. of profits.

[Mr. B]roinowski said that [profitabil]ity would be severely [affected] until steel prices [improved]. He told shareholders [that the] dividend was not in [danger] "but to say we will have [it] above that level at this [time is] beyond my knowledge."

[I]n September, Sims an[nounced] a dip in earnings from [...] to $A8m. but declared [a one-fo]r-five scrip issue and [said] that the dividend would [be held a]t 10 cents a share on the higher capital. If the dividend is maintained it will require about $A4.2m.—indicating that earnings could halve in the current year.

News of the likely profit slump came only days after Sims called off a partial takeover bid for John Sands Holdings, the printing and greetings card group. Sims offered a mix of shares and cash and Mr. Broinowski said the decision to withdraw followed a drop in the market price of Sims' shares. The company was not in a position to make a revised offer wholly in cash.

Mr. Broinowski took over as chief executive early in September. He said the former chief executive, Mr. Kevin McGuinness had "persuaded" Sims he could accomplish more from now on in his international selling operating from Hong Kong where he could also direct the ship chartering, shipping agencies and associated businesses. He is now established there and reports to Mr. Broinowski. The meeting was also informed that the long-serving chief executive of the problem scrap metal division, Mr. Bill Hamilton had retired recently on health grounds.

[Sal]es advance at Carter Hawley

LOS ANGELES, Nov. 28

[CARTER] HAWLEY HALE [Stores I]nc. to-day reported sales [of $...]m. for the 13 weeks [ended O]ctober 30, an increase [of ... p]er cent. over sales of [...] for the same period last [year].

[Earnin]gs of $6.8m. compared [with $...]m. the previous year, [or ... cents a] share amounting to [...] based on 19.3m. aver[age shares] outstanding in 1976, compared with $17.3m. or 82 cents, last year.

Mr. Edward W. Carter, chairman, attributed the disappointing results for the third quarter to unseasonally warm weather in areas served by the company's California department store and to currency translation changes resulting from a decline in value of the pound in Britain, where Carter Hawley Hale owns a 20.5 per cent. interest in House of Fraser.

[For th]e 39 week-period, sales [rose ...] per cent. to $904m. [compare]d with $821m. in 1975. [Net ea]rnings rose 3.4 per cent. [...] or 78 cents a share.

The company also owns 29 specialised stores, including Neiman-Marcus, Bergdorf Goodman and Holt Renfrew in Canada. Other subsidiaries are Sunset House and Walden Books.

[RE]CENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Emmark [illegible]	[illegible]		[illegible]	[illegible]	5.0	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] Technologies	[illegible]		[illegible]	[illegible]	2.5	—
71	F.P.	[illegible]	[illegible]	[illegible]	Willis Faber 2[illegible]	185	+2	7.0	2.4	5.9	10.8

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Essex Water 9% Red. Pref. 1982	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Midland Inr. Fin. [illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Newman Inds. [illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nova Scotia [illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] Scotland Elec. [illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] Tendring Hundred Waterworks [illegible]	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Willis Faber 7% Conv. Pref.	75½	

"RIGHTS" OFFERS

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Assoc. Engineering	10pm	−1½
[illegible]	[illegible]	5/12	[illegible]	[illegible]	Braan [illegible] Props.	23[illegible]	
[illegible]	[illegible]	6/12	71	[illegible]	Crest Electronics	[illegible]	
[illegible]	[illegible]	1/12	17/11	[illegible]	Fairbairn Lawson	[illegible]	
[illegible]	[illegible]	11/12	17/11	[illegible]	Flexello Castors [illegible]	[illegible]	
[illegible]	[illegible]	26/10	10/12	[illegible]	Howden Alexander	[illegible]	
[illegible]	[illegible]	3/12	17/14	[illegible]	National Bank of Australasia	[illegible]	
[illegible]	[illegible]	18/1	[illegible]	[illegible]	Western Mining	[illegible]	

[Renunc]iation date usually last day for dealing free of stamp duty. a Placing [price]. [illegible] Figures based on prospectus estimate. d Dividend rate paid or [payable on] part capital; cover based on dividend on full capital. g Pence [unless oth]erwise indicated. u Forecast dividend; cover based on previous year's [earnings]. [illegible] Figures based on prospectus or other official estimates for 1976. [illegible] ... [illegible] Offered as rights. ... Issued by tender [illegible] Rights ... [illegible] ... sued in [illegible] ... [illegible] ... ssued to [illegible] ... tional or [illegible] ... ‡ After suspension. ED Kuwait Dinar.

INTERNATIONAL COMPANY NEWS

Douwe in American talks

BY MICHAEL VAN OS — AMSTERDAM, Nov. 25.

THE LARGE U.S company Consolidated Foods is having talks with the Dutch privately owned Douwe Egberts, coffee, food stuffs and tobacco company—which has annual sales exceeding Fls.1.2bn.—which may lead to "commercial and technical co-operation."

A statement from Douwe Egberts said that the Dutch identity of the old Dutch company as well as the management would be maintained. It is understood that the U.S. company, which has annual sales of over $2.75bn., may take a minority interest in DE.

Dutch reports said that part of the family owning the Dutch company, which represented an interest in Douwe Egberts of an estimated 35 per cent., was keen to sell to the Americans. Disagreements within the around 40 owner/shareholders of the De Jong family were the reason why the long-planned merger between DE and the German coffee company Joh Jacobs, of Bremen, fell through in July, 1974.

Attractions of co-operation with consolidated foods would include: the increased geographical spread as well as the spread of produce for DE, while one report says that Douwe, which is fairly dependent on the Benelux market, may also venture into the U.S market with some of its products.

For the American company, which is said to generate a relatively modest 12 per cent. of its sales outside the U.S., the expansion of foreign activities is an attraction as it has only fairly small interests so far in a number of European countries, including Britain and Holland.

Douwe Egberts, which has sales of around Fls.1.2bn in 1975, was reported to have reached after-tax profits of Fls.60m. It employs around 5,000 people mainly in Utrecht and Joure.

Sharp rise at LMT

BY ROBERT MAUTHNER — PARIS, Nov. 28.

LE MATERIEL Telephonique, the former ITT subsidiary which was taken over by the French Thomson electronics group in June has announced a sharp rise of 16 per cent. in sales for the first nine months of 1976 compared with the same period last year, and has forecast a 13 per cent. increase for the year as a whole.

In a letter to shareholders, the chairman, M. Jean-Pierre Bouyssonnie, also predicted that the rise in profits for the current year would exceed that of turnover. Already in the first half, net profits rose by 23 per cent. to Frs.32mn. (about £4m.), after provisions, depreciation and tax.

LMT's turnover up to the end of September this year totalled Frs.1.2bn., of which exports, which rose by as much as 95 per cent. compared with the corresponding period of 1975, accounted for Frs.259m., or nearly 20 per cent.

The biggest increase in sales was chalked up by the hydro-electrical division (up by 28 per cent.), followed by electronics and radio (plus 24 per cent.) and telephone exchanges (plus 11 per cent.).

Exports of electronics and radio equipment more than doubled during the nine months' period, thanks mainly to the success of LMT's tank and aircraft simulators on world markets.

In the future, however, telephone equipment is expected to take a rapidly increasing share of sales as a result of the French Government's decision in the summer to opt for the Metaconta computer-controlled space-division switching systems, developed by ITT. Orders for three of these telephone exchanges have already been placed this year with LMT by the cities of Paris and Marseilles and the export market, too is considered by the company to offer fertile ground for a rapid expansion of sales.

Hudson's Bay advance

HUDSON'S BAY sales and revenue for the nine months ended October 31 increased 15.5 per cent. to $C951m. from $C824.1m.

Net earnings were $C8.62m., or 62 cents per share, against $C7.58m., or 54 cents per share in the comparable period last year.

Sharply increased real estate and natural resources earnings more than offset higher interest costs and a reduction in merchandising profits, the company said.

For the third quarter sales and revenue were ahead 13.9 per cent., with net earnings at $C8.75m., or 49 cents per share, compared with $C4.37m., or 31 cents per share a year ago. Merchandising earnings before interest and taxes were up 6 per cent. for the quarter. Real estate earnings were up significantly, with Marlborough Properties (64 per cent. owned) processing extensive land sales.

Agencies

Money and Exchanges

Bank of England Minimum Lending Rate 14¾ per cent. (since November 18, 1976)

Short-term fixed period interest rates were firmer in the London money market last week. Rates were steady in the early part and there was little indication that the market was expecting a further cut in Bank of England Minimum Lending Rate. Discount houses buying rates for three-month Treasury bills stood at 14¼ per cent. on Monday. The following day however the authorities decided to make it quite clear that a fall in MLR would not be acceptable, and at the Treasury bill tender on Friday the average rate of discount rose by 0.0314 per cent to 14.0342 per cent., leaving MLR unchanged at 14¾ per cent.

The general rise in interest rates for very short periods reflected the extreme shortage of day-to-day funds.

Discount houses paid up to 16 per cent. for secured call loans on every day except Friday. The average rate paid by the houses was probably about 14¾ per cent., giving rise to a situation where the margin between investments and borrowed funds may be fairly critical in some cases. The authorities attempted to ease the situation slightly by bringing forward the payment of local authority grant money, creating very heavy Government disbursements on Friday.

Exceptionally large assistance was given to the market on the first four days last week. The shortage of funds was at its worst on Monday. Exceptionally large official purchases of bills was coupled with exceptionally large overnight lending. The authorities' signal on interest rates was made on Tuesday by way of moderate lending for seven days. This was coupled with large overnight lending and extremely large purchases of bills.

Assistance was given on Wednesday by extremely large purchases of bills and by very large overnight lending. The exceptional help on Thursday was made up of extremely large bill purchases and exceptionally large overnight lending. Small assistance was given on Friday, but it was expected that banks will carry forward surplus balances.

Sterling fell sharply in the foreign exchange market last Monday, and trading remained nervous throughout the week. Concern that the loan negotiations with the International Monetary Fund are taking longer than expected led to speculation that the Government may not be united over introduction of economic measures considered necessary by the IMF. The decision of the miners' national executive to ballot members on the issue of early retirement knocked over a cent off the pound in late dealings on Tuesday, although the day's fall was limited to 10 points following the loss of 3.40 cents on Monday.

Sterling was firmer on Wednesday, but fell sharply late in the afternoon, following Mr. Len Murray's comments about the possible implications of deflationary economic measures. It closed 32½ points up on the day, however, but lost 22½ points in quiet trading on Thursday.

The optimistic forecast by the National Institute of Economic and Social Research led to a better trend on Friday, but the overall decline on the week was 3.15 cents with the pound closing at $1.6480-$1.6490.

Its trade-weighted depreciation since the Washington Agreement, as calculated by the Bank of England, widened to 43.5 per cent. from 44.1 per cent. on the previous Friday.

The U.S. dollar lost ground against most of the major European currencies, but this was not reflected in its trade-weighted depreciation, as calculated by Morgan Guaranty of New York, which narrowed to 1.38 per cent from 2.10 per cent. The reason for this was the sharp decline of the Canadian dollar. Both North American currencies were weaker against the D-mark and Dutch guilder, following cuts in interest rates in the U.S and Canada.

The Canadian dollar fell below par against the U.S. unit on Friday, and finished at 99.50½ U.S cents, compared with 101.80½ at the end of the previous week. This is the weakest point for the Canadian dollar since late January.

Gold closed unchanged on the week at $130-131.

Nov. 26 1976	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury Bills ◆	Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	14-15½	—	—	—	14¾	12½-15	—	—	—
2 days notice	—	—	15¼-15⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	15-15¼	15½-15⅝	—	15⅝-15¾	15¼	14-14	—	—	—
One month	16-14	15-15¼	15½	15½-14⅞	15½-14¾	15¼	14¼-14½	14⅛-15⅛	15-14⅞	15¾-15½
Two months	14-14	14-15¼	—	15½-14¾	15⅝-15⅝	—	14-14	15¾	14¾-14⅞	15¼
Three months	14¼-14	14¼-14⅞	15	14⅝-14	15½-15½	—	15¼-14	14⅛-14⅝	14⅞	15¼-15
Six months	14¼-14	14-14¼	14½-15	14½-14	14¾-15¼	—	—	—	15⅞-15⅞	15¼-14
Nine months	13⅞-15½	15⅝-15⅞	—	14¼-15¼	15¼	—	—	—	—	—
One year	13⅞-15¼	15½-15⅞	15¼	15⅞-16⅝	—	—	—	—	—	—
Two years	—	—	14⅞-15	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authorities mortgage rates nominally three years 14¾-15 per cent.; four years 14¾-15 per cent.; five years 14¾-15 per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅛-15⅛ per cent.; four-month trade bills 15¼-14¾ per cent. Approximate selling rate for one-month Treasury bills 13⅞-13⅞ per cent.; two-month 13⅞ per cent.; and three-month 13⅞ per cent. Approximate selling rate for one-month bank bills 14⅛-14⅜ per cent.; two-month 14⅞-14⅞ per cent.; and three-month 14⅝ per cent.; one-month trade bills 15¼-15¼ per cent.; two-month 15¼ per cent.; and also three-month 15¼-14¾ per cent.

Finance House Rates (published by the Finance Houses Association): 14 per cent from November 1, 1976. Clearing Bank Deposit Rates for small sums of seven days' notice 11 per cent. Clearing Bank Base Rates for lending 14 per cent. Treasury bill average tender rates of discount 14.0342 per cent.

FOREIGN EXCHANGES

Nov. 26 1976	Bank Rates %	Day's Spread	Close
New York	6½	1.6450-1.6560	1.6480-1.6490
Montreal	8	1.6490-1.6620	1.6560-1.6570
Amsterdam	6	4.15-4.18	4.15½-4.14½
Brussels	9	60.35-61.05	60.50-60.70
Copenhagen	11	9.70-9.79	9.70½-9.71½
Frankfurt	3½	3.95½-3.96½	3.96-3.97
Lisbon	6½	51.80-52.25	51.90-52.10
Madrid	7	112.40-113.05	112.55-112.70
Milan	15	1,427-1,437	1,434-1,437
Oslo	6	8.61-8.66	8.61½-8.62½
Paris	10½	8.22-8.26	8.22½-8.23½
Stockholm	8	6.90-6.94	6.90½-6.91½
Tokyo	6½	480-485	486-488
Vienna	6	28.00-28.40	28.10-28.30
Zurich	2	4.01½-4.05½	4.02-4.03

* Basic discount. † Rates given are for convertible franc. ⊕ Financial franc 82.15-82.35.

OTHER MARKETS

			Notes Rates
◆Argentina	428.72-429.92	Argentina	575-475
Australia	1.5524-1.5459	Austria	27-31½
Brazil	19.72-19.98	Belgium	61¾-62½
Finland	6.5050-6.5150	Brazil	21-25
Greece	60.444-61.973	Canada	1.62½-1.66
Hong Kong	7.6629-7.6900	Denmark	9.60-9.80
Iran	114-118	France	8.15-8.55
Kuwait	0.68-0.78	Germany	3.90-4.15
Luxemburg	60.60-60.70	Greece	64-68
Malaysia	4.1655-4.1785	Italy	1460-1510
N. Zealand	1.6968-1.7040	Japan	485-510
Saudi Arab.	5.73-5.85	Netherlands	4.25-4.50
Singapore	4.0405-4.0620	Norway	8.60-8.80
S. Africa	1.4290-1.4440	Portugal	51-55
U.S. —		Spain	109-115
Canada		Switzerland	3.95-4.15
U.S. cents	99.43-99.53	U.S.	1.64-1.66½
		Yugoslavia	55-65

* Basic discount. ◆ Rate given is free rate.

GOLD MARKET

	Nov. 26	Nov. 25
Gold Bullion (a fine ounce)		
Close	$130-131	$130¾-131½
Opening	$129-130	$132-133
Morning fixing	$130.00 (£78.851)	$131.30 (£79.697)
Afternoon fixing	$130.25 (£78.844)	$130.75 (£79.358)
Gold Coins (domestically)		
Krugerrand	$133½-135½ (£81-82)	$134¼-136¼ (£81½-82½)
New Sovereigns	$47-49 (£28½-29½)	$45½-47½ (£27¼-28¾)
Old Sovereigns	$44½-46½ (£27¼-28¼)	$44-45 (£27-28)
Gold Coins (internationally)		
Krugerrand	$133½-135½ (£81-82)	$134¼-136¼ (£81½-82½)
New Sovereigns	$45-47 (£27¼-28½)	$45½-47½ (£27¼-28¾)
Old Sovereigns	$41½-43½ (£25½-26½)	$41-43 (£25-26)
$20 Eagles	$218-221	$218-221
$10 Eagles	$117-120	$117-120
$5 Eagles	$77-80	$77-80

EURO-CURRENCY INTEREST RATES*

Nov. 26 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
Short term	16-16¼	4¾-5	8-9	7-8	5¼-5½	par-¼
7 days notice	16-16¼	4¾-5	8¼-9¼	7-8	5¼-5½	2⅛-2⅝
Month	15⅞-16⅛	5-5¼	8⅝-8⅞	7⅛-7⅝	4½-4⅝	1⅛-1½
Three months	16¼-16¾	5⅛-5⅞	8⅞-9⅛	7¼-7⅝	4⅝-4¾	2⅝-2¾
Six months	16-16½	5⅜-5⅝	8¾-9	7-7½	4½-4⅝	2⅝-2⅞
One year	15⅞-15⅞	5¾-6	8⅝-8⅞	7-7½	5-5⅛	2⅛-3⅛

Euro-French deposit rates: two-day 10½-10¾ per cent.; seven-day 10¼-10¾ per cent.; one-month 10½-11 per cent.; three-month 12-12½ per cent.; six-month 12¼-12¾ per cent.; one year 12-12½ per cent.

Longer-term Eurodollar deposits: two years 6¾-6⅞ per cent.; three years 7¼-7⅝ per cent.; four years 7½-7⅞ per cent.; five years 8⅛-8½ per cent.

The following rates were quoted for London dollar certificates of deposit: one-month 4-4⅛ per cent.; three-month 5-5⅛ per cent.; six-month 5⁵⁄₁₆-5⁷⁄₁₆ per cent.; one year 5⁹⁄₁₆-5¹¹⁄₁₆ per cent.

*Rates are nominal closing rates.

†Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

FORWARD RATES

	One Month	Three month
New York	1.60-1.50 c. pm	4.55-4.45 c. pm
Montreal	1.05-0.95 c. pm	3.00-2.80 c. pm
Amsterdam	3¼-2¼ c. pm	9¼-8¼ c. pm
Brussels	30-10 c. pm	85-60 c. pm
Copenhagen	3 ore pm-1 ore dis	3¼-1½ ore pm
Frankfurt	4¼-3¼ pf. pm	11⅛-10¼ pf. pm
Lisbon	30 c. pm-10 c. dis	par-150 c. dis
Madrid	70-170 c. dis	375-425 c. dis
Milan	05-20 lire dis	40-55 lire dis
Oslo	3-1 ore pm	11½-9½ ore pm
Paris	3¼-2¾ c. pm	9-8 c. pm
Stockholm	2¾-1¾ ore pm	8-6 ore pm
Vienna	35-25 gro pm	70-60 gro pm
Zurich	5-4 c. pm	13¾-12¾ c. pm

Six-month forward U.S. dollar 8.25-8.16c pm and 12-month 14.80-13.90c pm.

SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Nov. 26	Nov. 25
Sterling	0.698989	0.700024
U.S. dollar	1.15587	1.15644
Belgian franc	42.4005	42.3604
Deutschmark	2.77735	2.77742
French franc	5.77204	5.76659
Italian lira	999.367	1000.51
Japanese yen	341.149	341.381
Dutch guilder	2.89699	2.89575
Swedish krone	4.83775	4.83565
Swiss franc	2.88250	2.81649

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Nov. 26	Frankfurt	New York	Paris	Brussels	London	A'dam	Zurich
Frankfurt	—	2.4055-65	48.09-17	6.541-550	4.070-077	95.91-98	98.40-49
New York	41.58-60	—	20.04-6	2.7190-7220	1.6470-6490	39.80-62	40.96-41.00
Paris	207.035-035	4.993-005	—	13.57-603	8.2585-281	199.05-46	204.35-70
Brussels	15.29-31	36.78-81	7.35-37	—	60.75-85	14.65-68	1.504-07
London	3.96-97	1.646-649	8.22½-3	60.60-60.70	—	4.15½-14½	4.02-03
Am'rd'm	104.28-55	2.5072-95	60.135-235	.816-821	4.145-150	—	102.55-70
Zurich	101.42-61	2.4425-75	48.84-88	6.635-640	4.025-032	97.21-31	—

U.S.$ in Montreal, U.S.$ = 1.0106-0136 Canadian cents. Canadian $ in New York. C$ = 100.70-60 U.S. cents. U.S.$ in Milan 865.00-866.70. Sterling in Milan 1426.0-1429.5.

MINING NOTEBOOK

No sleepless nights for the Campbell Board

BY LODESTAR

"UNLIKE THE managements of almost every other gold-mining company, Campbell Red Lake Mines executives can go to bed each night and sleep without tossing and turning over what's going on across the Atlantic Ocean in the Rothschild offices in London.

"That's where the London gold price is fixed each morning while Canada's gold miners are still asleep. Switching on the news when the sun rises over Canada can be a traumatic moment for some of them."

So writes John Soganich in Canada's Financial Post. His reasoning is that Campbell's grade (12.86 dwts) and costs, estimated at below $30 an ounce, are such that gold would have to fall a long way before operations become unprofitable. Current-year earnings are down, in line with the bullion price but could be near $1 a share for the full period. The shares stand at about $24 in Toronto with a 1976 price swing to date of $16½ to $27.

Campbell, which is a major Canadian producer with a capacity of nearly 200,000 ounces a year, is controlled by Dome Mines, the shares of which, currently $42¼, were suggested here last week for those wishing to back gold but who are worried about the South African situation. Meanwhile, the bullion price at $130½ compared with $104 at the end of August holds steady enough in front of next week's fifth International Monetary Fund gold auction.

Tin twin query

The Penang tin price is also holding up at $M1,230 a picul, above the ITC buffer stock manager's "ceiling" of $M1,200, in front of next week's council meeting at which a raising of that "ceiling" will be considered.

In the share market I am often asked why Southern Malayan (162p) stand below Malayan Tin (200p), although the former paid the higher dividend for the year to last June. There are two reasons. First, Malayan's output for the first four months of the current year at 1,001 tonnes of concentrates is running well ahead of the 832 tonnes at this time last year, whereas Southern Malayan's is lagging at 788 tonnes against 822 tonnes.

The second reason is underlined in the companies' annual reports issued over the week-end. Following the making available of the new ore reserves by the deviation of the Kinta River, the lives of Malayan's five dredges are estimated to range from eight to 13 years from the end of 1976.

Three of Southern Malayan's six dredges, on the other hand, will be working in previously worked ground, with expected lives of four years for two, and five for the third. One of the other three is only thought to have a life of about two years. The other two, in virgin ground, have brighter prospects with anticipated lives of some nine and ten years.

Mr. F. G. Charlesworth, chairman of both concerns, describes as "satisfactory" the respective 1976-77 profit prospects, but the outlook for Malayan obviously looks to be by fare the better of the two especialy onw that the companies are in the process of becoming Malaysian, and so beyond U.K. dividend restrictions. Both are in the London Tin group. The parent company moved from London to Malaysia last July.

Northgate talk

The shares of Irish-Canadian Northgate Exploration sprang to life last week with a sizeable turnover, mostly in New York and Toronto, and a rise in price of 75p to 405p. Interest was also stimulated in the shares of the associated Anglo United and Westfield Minerals. Northgate is still busy drilling in Ireland, so rumours of a new find can spring up at any time, but I gather from the company that no new mineralised discovery of note has been made in the past week or two.

A lot of cash and nowhere to go was the verdict on Northgate in this column last May, when the price was 380p. It had previously been suggested that the company, with its fat wallet, was a sitting duck as a take-over target. Canada's Cominco, or even its parent Canadian Pacific are mentioned from time to time as possible bidders, and this was the rumour, no more, than flared across the Atlantic last week.

If Cominco did have a go it will no doubt have learned valuable lessons from its unsuccessful stab at Tara, the big potential Irish zinc producer, back in 1974, when it failed to do its homework on the solidity of the opposition. Even for Northgate there could be some 40 per cent. of the shares held by what may be described as "friends" of the Pat Hughes group. But much would obviously depend on the bid price. It would have to be well above that now ruling.

Meanwhile, it is amusing to note that the Irish Government seems to have been hoist by its own petard in its desire to acquire a further 24 per cent. stake in the Bula zinc orebody next door to Tara's, which would bring its total interest up to 49 per cent. An independent consultants' report has put a value of £40m. on Bula which would commit the Government to paying £9.6m. for 24 per cent., a figure that is reported to have "shocked" the Department of Industry and Commerce.

Their reaction is hardly surprising to anyone familiar with the Bula potential. It will be interesting to see whether the Government tries to renege on the deal. It got 25 per cent. of Tara for free, as indeed it did for the first 25 per cent. of Bula.

Amax in Australia

I hear from Perth that things are stirring on Western Australia's Mitchell Plateau up in the Kimberley region of that state. According to Industrial Development Minister Mr. Andrew Mensaros, Alumax, the partnership between America's Amax and Japan's Mitsui, plans to go ahead toward a $A30m. (£19m.) project aimed at mining and processing refractory and other special grade bauxite, the raw material of aluminium.

The first move is an economic study of a venture which has been dormant for five years. Mr. Mensaros anticipates a decision about the middle of next year to proceed with the development of a limited scale project which would be a "stepping stone towards a major refinery development costing about $A1bn. (£625m.) on to-day's costs."

Other partners in the Mitchell Plateau venture are Holland's Billiton and Japan's Sumitomo and Marubeni. Bauxite is regarded as the catalyst for a wider development which Amax's Mr. Ian MacGregor has described as integrating the extractive industries, fishing, forestry and farming, as well as processing in order to justify the high infrastructure costs. Amax has farming properties in the region and offshore petroleum tenements.

The weekend's Australian dollar devaluation should give the liability of the bauxite project a boost.

*

In the week's crop of brokers' circulars James Capel point out that Messina (175p) could be sharply responsive to any progress towards a reasonable settlement in Rhodesia, which accounts for threequarters of its copper production, in the light of its recently announced sparkling results for 1975-76. Joseph Sebag think that gold shares and U.K. domestic gold coins have considerable potential for capital appreciation even if bullion shows a relatively modest advance. Laurence, Prust's verdict on Minorco (158p) is that Anglo American has the ability to put a new coat of paint on the company but until there is evidence of this happening "we shall stay away."

INSURANCE

Subsidence and crime likely to lead to big payout

BY OUR INSURANCE CORRESPONDENT

WE ARE fast approaching the time of the year when computer buttons are pressed for the production of the end-of-year premium and claim prints, when underwriters' claims handlers and accountants get to grips with the raw figures thrown up by the year's trading and produce the various returns that the law requires.

But even at this stage, it is clear that insurers cannot expect their household domestic accounts to provide the solid profit that they have traditionally generated.

A major item in all insurers' household claims bills this year is subsidence: having said this, insurers are not yet in a position to put a figure either individually or collectively on this year's cost.

No one will confirm or deny the various estimates that have appeared ranging from £20m. upwards, though the indications are that this is the absolute minimum: if this is so, then subsidence will certainly cost insurers at least 10 per cent. of their 1976 household income.

Income

Moreover, the cost of this year's drought cannot yet fully be assessed, because many of the consequences of soil movement and contraction may not become apparent for some while, and so claims must be expected to come in next year and the year after. Subsidence is likely to be a significant claims cost for some while to come.

Another major item in the domestic claims bill is crime loss. In 1975, the BIA member-companies paid out £18m. on domestic burglary and theft claims.

The BIA has just published its analysis of crime loss figures for the first half of 1976 and has noted that the total cost of claims under household policies rose by 30 per cent. in the six months to the end of June.

This predicates a total BIA payout for the year of about £23.5m. These BIA figures do not of course take into account the claims paid either by Lloyds or by non-BIA members. So the year's total crime loss bill may well reach about £27m.—well over 10 per cent. of this year's total household income.

It seems clear that when these two major items, subsidence and crime, are added in with the rest of the household claims bill insurers will be making a sizeable loss on the domestic front.

Partly, this will be due also to the high expense ratios that most insurers incur in running household business and in the substantial commissions paid to many intermediaries.

Partly also, this will be due to continuing under-insurance—because so many householders have not insured for full value and have therefore not made sufficient premium contribution to insurers' funds.

Most insurers are now tackling the problem of under-insurance by index-linking—which inevitably applies both to sums insured and to premiums.

Increase

Insurers' common experience seems to be that the consumer resistance which was perhaps expected has not resulted, and that there will be a very appreciable increase, perhaps 30 per cent. or so, in total household premium once the present cycle of renewal revisions has been undertaken.

Of course thereafter, premiums will rise, so to speak, automatically as year by year the various indices move.

This thorough premium revision could possibly be the answer to the problem of present household unprofitability.

But if at the end of the revision cycle there is still a short fall, insurers will have to take a hard look, not only at the breadth of cover they provide at the present time, but marketing methods, handling systems and commission levels.

In 1977, household business could generate £300m of income for the British insurance market, and this is far too big a slice of business for insurers to allow it to run unprofitably.

BIDS AND DEALS

CASTLEMERE —ABERCORN

The Castlemere Properties (Manchester) offer for Abercorn General Investments has been accepted in respect of 740,939 shares. Castlemere held no shares before the offer but has subsequently acquired 1,146,730 shares. Together with the acceptances this is equivalent to about 93.8 per cent. of the Abercorn capital. The offer remains open.

JAMES FINLAY

Following offers, James Finlay and Co. now holds 96.3 per cent. of the shares of Achabam Tea Company, 97.6 per cent of Borhat Tea Company, 94.3 per cent. of Chubwa Tea Company Ordinary and 94.8 per cent. of Chubwa Preference.

All offers are fully unconditional and remain open until December 10. Conditions have been fulfilled which will enable Finlay to acquire compulsorily the outstanding shares of all three companies.

ASSOCIATES DEALS

On November 25 McAnally, Montgomery and Co. sold 12,000 Kinloch (Provision Merchants) at an average 229p and 5,000 at an average 228p on behalf of associates.

CONTRACTS

John Laing wins £1.8m. flood prevention work

Two Thames flood prevent contracts, worth together £1.8m. have been awarded to the engineering division of JOHN LAING CONSTRUCTION. The larger contract, valued at over £1⅔m. and awarded by the Greater London Council, is to raise the river wall for 1,070 yards (977m) along the Woolwich Reach at Silvertown, East London. Work will start in December and take two years. The second contract, valued at about £115,000, is to build a berm or ledge 140 feet (40m) wide along a quarter-mile length of the river wall on the south bank just west of Greenhithe near the Dartford Tunnel for the Southern Water Authority.

*

BIRLEC, Walsall, part of the GEC Group, has received an order worth more than £500,000 for the design and manufacture of a new arc furnace for the Billingham foundry of Head Wrightson (Steelcast), also the re-siting of one of two existing direct arc furnaces.

*

CONSTRUCTORS JOHN BROWN has won a contract for the design and procurement of equipment for the new £40m protein plant to be built at Billingham, Cleveland, for the agricultural division of ICI.

*

W. TYZACK SONS AND TURNER, Sheffield, has completed negotiations with Lucas Industries for the supply of clutch plates.

*

MONO PUMPS (ENGINEERING) has won a contract worth more than £76,000 from the Severn Trent Water Authority covering the design, manufacture and installation of a continuous sludge dewatering plant based on the Roediger system for which the company holds an exclusive distributor licence in the U.K. This is part of the first U.K. contract for installation at the Kirkby-in-Ashfield sewage treatment works, Nottingham.

INSURANCE BASE RATES

† Atlantic Assurance	14¼%
Cannon Insurance	13%

† Address shown under Insurance and Property Bond Table.

OVERSEAS MARKETS

EUROBONDS

BY TONY HAWKINS

British issues find little favour

WHILE SEASONAL bonds encountered good investment demand in secondary market trading last week, the newer issues were out of favour.

Hopes that the two U.K. issues would help re-establish the British image in the Eurobond market were quickly dissipated as both the Midland Bank and South of Scotland Electricity Board issues performed indifferently—if not disappointingly—in after-market trading. By the week-end, the 8¾ per cent. 1986 Midland issue was trading at a middle price of 97½ having been priced at 99 while the South of Scotland paper, also priced at 99, was being supported at the 98 level by the lead manager.

Selling of the South of Scotland paper declined significantly towards the week-end holding out hopes of a firmer market ahead, but the Midland issue, which in midweek had looked ready to move better, lacked the necessary support.

Unpalatable though it may be to some in the City there seems little point in seeking to disguise the fact that neither issue was a success. From the outset, the South of Scotland terms looked too tight and so it has proved to be, while in Midland's case the timing could have been better.

Unflattering comparisons between the recent 8¾ per cent. New Zealand issue, priced at 100¼ with an average life of 9½ years and the 5-year South of Scotland bullet are regarded as unjustified in some circles on the very valid grounds that New Zealand's current economic and external borrowing positions hardly merit triple A rating.

EUROBOND TURNOVER

	Nominal value $m. Week ended Nov.26	Nov.19
Cedel	658.6	682.0
Euroclear	1,029.6	1,154.2

It is all a matter of market psychology. One only has to talk to Continental bankers to discover that they prefer New Zealand paper, regardless of the economic fundamentals. In any event, if a comparison with New Zealand is held to be invalid, then why not look at the current private placing of Dow Chemical paper, which reportedly has a 10-year maturity? This $100m. issue was offered at par on an 8 per cent. coupon.

Not only does this put the recent U.K. borrowings into broader perspective, but it also presents a favourable profile as against the Renfe $50m. 7-year paper, priced at 99 on a 9¾ per cent. coupon, and the Credit National issue, which was on a coupon of 8¾ per cent. over 10 years and priced also at 99.

Looking at some of these recent issues, it is difficult to avoid the conclusion that some issue managers are pushing their luck a shade too hard. Certainly, the recent relative weakness of the newer paper in the secondary market would suggest that this is the case. Further, why should investors buy new issues at 99 or 99½ if they have reason to believe that in the secondary market they will be able to pick it up at 97½.

The terms for the $50m. Offshore Mining Co. Ltd. (state-owned) new issue announced at the week-end look tight. The indicated coupon is 8½ per cent. for the 9-year paper, with a bullet maturity, which is guaranteed by the New Zealand Government. Whether the market's appetite for NZ paper is sufficient to ensure pricing at par will not be known until December 9. Lead managers are Citicorp International Bank and Kidder Peabody International.

The Sandoz equity-cum-convertible package has been well received in the market. It is attractive because it offers investors an unusual opportunity for getting into a Swiss multinational with a good growth record in the pharmaceutical industry where market potential is good. The shares are currently well below their high, but profits have held up well, despite the 12 per cent. or so annual appreciation in the Swiss franc over the past few years, which must have posed problems for a company with more than 90 per cent. of its sales outside Switzerland. The investor gets both a Bearer Participation Certificate (equity without voting rights) and a convertible debenture, convertible after next October into BPCs.

It was another bad week for the Canadian bonds. Just as the market was getting over its Quebec election nerves, it was set back by the weakness of the Canadian dollar which fell below par against the U.S. currency late in the week. As a result, investors pulled out of the market waiting for the currency to bottom out before recommitting themselves.

But not all new issues are out of favour. The DG Bank floater was more than three times subscribed after the size of issue had been increased from $40m. to $50m.

The two features of the Euromark sector were the advent of profit-taking which knocked prices somewhat in midweek before a firmer tone redeveloped and the Norsea Gas terms, which included cutting the coupon to 7¼ per cent. and increasing the amount to DM150m. from DM100m. It was priced at 99½.

Indices

NEW YORK -DOW JONES

	Nov. 26	Nov. 24	Nov. 23	Nov. 22	Nov. 19	Nov. 18	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	956.62	960.95	948.80	955.57	948.90	930.12	[illegible]	[illegible]	1051.70	41.22
Home B'nds*	90.55	90.57	90.54	90.25	90.78	90.08	90.37	85.98	—	—
Transport	226.26	224.57	225.97	223.74	221.90	221.99	[illegible]	175.9	279.88	13.23
Utilities	102.76	101.99	101.26	101.10	100.24	100.40	102.75	84.8	163.32	10.58
Trading vol. 000's	15,000	20,420	19,090	20,830	24,380	24,000	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Nov. 22	Nov. 15	Nov. 5	Year ago (approx.)
	4.24	4.56	4.07	[illegible]

STANDARDS AND POORS

	Nov. 24	Nov. 23	Nov. 22	Nov. 19	Nov. 18	Nov. 17	1976 High	1976 Low	Since compilation High	Since compilation Low
*Industrials	114.20	113.71	114.51	113.77	113.74	112.50	120.6	101.64	134.54	3.52
†Composite	102.47	101.96	102.59	101.92	101.68	100.81	107.82	90.90	120.74	4.40

	Nov. 24	Nov. 17	Nov. 10	Year ago (approx.)
Ind. div. yield %	3.77	3.84	3.89	3.69
Ind. P/E Ratio	11.64	11.35	11.14	11.97
Long Gov. Bond yield	5.55	5.56	5.56	6.10

N.Y.S.E. ALL COMMON

Nov. 26	Nov. 24	Nov. 23	Nov. 22	1976 High	1976 Low
55.55	54.95	54.62	54.97	57.51	47.06

Rises and Falls Nov. 26
Issues Traded—1,836 Up—927
Down—435 Same—474
New High—96 New Low—9

MONTREAL	Nov. 26	Nov. 25	Nov. 24	Nov. 23	1976 High	1976 Low
Industrial	166.45	163.23	165.60	165.74	207.36 (19/3)	163.23 (25/11)
Combined	164.63	164.49	164.94	166.77	199.78 (20/3)	162.41 (16/11)
TORONTO Industrial	164.92	164.49	164.49	166.04	197.43 (22/3)	164.43 (25/11)
JOHANNESBURG Gold	171.1	173.3	172.7	178.7	226.7 (12/3)	[illegible]
Industrials	174.6	174.1	174.2	174.1	[illegible]	173.3 (17/11)

	Nov. 26	Previous	1976 High	1976 Low
Australia (a)	404.27	406.82	532.63 (19/2)	404.29 (26/11)
Belgium (b)	95.60	95.02	[illegible]	87.15 (23/10)
Denmark (c)	92.27	92.71	[illegible]	92.27 (26/11)
France (d)	52.4	62.5	[illegible]	52.3 (29/10)
Germany (e)	719.4	720.7	[illegible]	687.7 (29/10)
Holland (f)	84.4	84.6	[illegible]	77.9
Hongkong (g)	359.50	366.25	[illegible]	[illegible]
Italy (h)	71.52	70.70	[illegible]	64.93 (10/11)
Japan (c)	349.15	348.35	[illegible]	[illegible]
Singapore (n)	—	244.34	[illegible]	236.5
Spain (p)	—	—	100.75	[illegible]
Sweden (q)	390.96	388.16	476.92	[illegible]
Switz'rl'd (r)	265.9	263.6	[illegible]	260.3 (15/11)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10: (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

AUSTRALIAN WEEKLY LIST

[illegible]

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

[illegible]

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

[illegible]

† Buyer. ‡ Seller. — Unquoted. Susp.: Suspended.

CORAL INDEX
Close 300-305

I.G. Index 01-351 3466
Three months copper 789½-797½

Investment premium based on $2.60 per £—129½% (same).

SINGAPORE STOCKS

[illegible]

† Buyer. ‡ Seller. — Unquoted.

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

AUSTRALIA

Nov. 26	Aust. $
[illegible]	[illegible]
Myer Emporium	†1.86
News	†1.70
Nicholas International	†0.72
North Broken H'dings (50c)	†0.92
Oakbridge	†0.92
Oil Search	†0.09
Pioneer Concrete	†1.13
Reckitt & Colman	†3.00
H. C. Sleigh	†0.56
Southland Mining	†0.24
Spargos Holdings	‡5.20
Tooth (S1)	†1.69
Waltons	†0.71
Western Mining (50 cents)	†1.39
Woolworths	‡1.11

CANADIAN WEEKLY LIST

[illegible]

† Bid. ‡ Asked.

$500m. EEC loan confirme[d]

THE EUROPEAN Eco[nomic] Community has given a ma[ndate] to five European and U.S. [banks] to raise a five-year $500m[.] [syn]dicated credit. The bank[s are] Orion Bank, European Ba[nking] Company, Banque de la S[ociété] Financière Européenne, [Lazard] partners and Morgan Gu[aranty] Trust Company.

Proceeds of the loan w[ill be] onlent to a member sta[te or] states within the EEC, not [neces]sarily only to Italy as has [been] suggested.

The spread for the loa[n has] not been officially anno[unced] but it is understood to be [...] cent. above Libor (London [inter]bank offered rate) which, [...] it is the lowest such spre[ad ...] years and marks a breakth[rough] of the 1 per cent. barrier, [...] higher than the ¾ per cent. [...] some bankers had predicte[d].

OVERSEAS SHARE INFORMATION

NEW YORK

1976 High	1976 Low	Stock	Nov. 26
54⅝	37¾	Abbot Labs.	49½
79¾	45⅜	Corning Glass	69⅞
48½	40⅝	CPC Int'national	44½
39¼	24⅝	Crane	26¼
85⅜	82½	Johns Manville	35⅝
96½	79⅞	Johnson Johnson	80
25½	12⅝	Johnson Controls	24⅞
40⅛	27⅛	Republic Steel	31
89¾	42½	Revlon	44
42⅝	22⅛	Reynolds Metals	36¼
[illegible]	[illegible]	[illegible]	[illegible]

CANADA

[illegible]

GERMANY ♦

[illegible]

MILAN

[illegible]

SWITZERLAND♦

[illegible]

COPENHAGEN

[illegible]

PARIS

[illegible]

TOKYO ♦

[illegible]

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

[illegible]

STOCKHOLM

[illegible]

AMSTERDAM

Nov. 26	Price Fls.	+ or —
Ahold (Fl.20)	63.5	+1.2
Akzo (Fl.20)	27.5	−0.5
AlgemBnk (Fl.100)	262	+8
AMEV (Fl.10)	60.9	
AmroBank (Fl.20)	64.9	+0.4
VanBerkels (Fl.10)	111	+0.6
[illegible]	[illegible]	[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

Vol. Cr. 44.1m. Shares 19.8m.
Source—Rio de Janeiro SE.

VIENNA

[illegible]

SPAIN ♥

[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. [illegible]

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

FINANCIAL TIMES STOCK INDICES

HIGHS AND LOWS

S.E. ACTIVITY

FT—ACTUARIES INDICES

Group	120.61	119.43	119.61	119.84	118.60	122.74	143.70
	142.01	140.17	139.76	140.21	138.75	145.36	158.46
d pe	7.37	7.46	7.48	7.46	7.54	7.29	5.83
(net)	7.68	7.59	7.58	7.60	7.52	7.80	9.16
	131.15	129.63	129.13	124.47	128.17	133.46	152.38
Yield pe	15.02	15.02	15.01	15.00	15.11	15.98	14.92

BASE LENDING RATES

Irish Banks Ltd.	14 %	■ Hambros Bank	14 %
ican Express Bank	14 %	■ Hill Samuel	§14 %
Portuguese Bank	14 %	C. Hoare & Co.	†14 %
y Ansbacher	14½%	Julian S. Hodge	15 %
de Bilbao	14 %	Hongkong & Shanghai	14 %
of Credit & Cmce.	14 %	Industrial Bank of Scot.	14 %
of Cyprus	14 %	Keyser Ullmann	14 %
of N.S.W.	14 %	Knowsley & Co. Ltd.	15½%
ue du Rhone S.A.	14½%	Lloyds Bank	14 %
ays Bank	14 %	London & European	14½%
ett Christie Ltd.	15 %	London Mercantile	14 %
Securities Ltd.	14½%	Midland Bank	14 %
ar Holdings Ltd.	14 %	■ Samuel Montagu	14 %
Bank of Mid. East	14 %	■ Morgan Grenfell	14 %
n Shipley	14½%	National Westminster	14 %
da Permanent AFI	14 %	Norwich General Trust	14 %
ol C & C Fin. Ltd.	14 %	P. S. Refson & Co.	14 %
r, Bowater Co. Ltd.	14 %	Rossminster Accept'ces.	14 %
r Holdings	14 %	Royal Bk. Canada Trust	14 %
erhouse Japhet	14 %	Schlesinger Limited	14 %
Coates	15 %	E. S. Schwab	15 %
olidated Credits	14 %	Security Trust Co. Ltd.	15 %
erative Bank	*14 %	Shenley Trust	16 %
thian Securities	14 %	Standard Chartered	14 %
it Lyonnais	14 %	Trade Development Bk.	14 %
Dawes	15 %	Twentieth Century Bk.	15 %
an Lawrie	14 %	United Bank of Kuwait	14 %
Trust	14 %	Whiteaway Laidlaw	14½%
sh Transcont.	14 %	Williams & Glyn's	14 %
London Secs.	14 %	Yorkshire Bank	14 %
Nat. Fin. Corp.	16 %		
Nat. Secs. Ltd.	16 %		
e Durrant Trust	14 %		
ny Gibbs	14 %		
hound Guaranty	14 %		
lays Bank	‡14 %		
ness Mahon	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11½%.
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11½% and over £25,000 11¾%.
§ Demand deposits 12%.
‡ Call deposits over £1,000 11%.

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
WorldWideGth Fd | $US11.38 | -0.04 | —

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. k Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶Net of tax on realised capital gains unless indicated by ♦. ¶Guernsey yield. ‡Suspended. ‡Single premium insurance bonds. ♦Yield before Jersey tax.

FT GROCERY INDEX

Lower rise this month

BY DONALD MACLEAN

THE FINANCIAL Times Grocery Prices Index continued to rise this month, though at a slower pace than in the previous three months—gaining 4.25 points to 241.53, to show a gain of 1.8 per cent., compared with 3 per cent. in October and 4.1 per cent. in September.

Behind the rise was a marked increase in the price of fruit and vegetables, where there was a gain of 8.7 per cent. Most categories showed rises, although a turning-down in meat prices—following an earlier sharp increase— helped to restrict the overall upward movement.

The cost to the 11 Financial Times shoppers of their shopping baskets this month was £713.85, against £701.27 in October.

A particularly sharp increase was seen in the cost of tomatoes, where there were rises of 14p to 22p a pound.

Potatoes continued to play a relatively minor role in the change in shopping costs—after having dominated the movements for much of the past year or so, showing a modest fall on balance.

A major rise occurred in the cost of dairy produce, where prices were up 3 per cent. overall, with butter, cheese and egg prices all up appreciably.

Both butter and cheese were affected by reductions in Government subsidies. In the case of butter, there was a rise of around 3p a pound, while cheese was up almost 4p a pound. Eggs were up 2½p or 3p a dozen.

Compared with November of last year, the cost of the Financial Times shopping basket has risen by 24 per cent. Since the exceptional fall in the index, which took place in July, there has been a gain of 11.5 per cent., which is equivalent to an annual rate of 34.4 per cent.

Among the background factors to the rise in the FT grocery price index this year has been the fall in the value of sterling in the foreign exchange market. After declining 18.5 per cent. against the U.S. dollar between late-February and late-October, however, the pound has this month shown little change on balance.

The prices used in this month's figures were collected last Tuesday by the 11 FT shoppers around the country. The index is based on 100 in February, 1971, the month when decimal currency was introduced.

FINANCIAL TIMES SHOPPING BASKET

	November 1976	October 1976
Dairy Produce	123.96	120.31
Sugar, Tea, Coffee, Soft Drinks	58.37	56.89
Bread, Flour, Cereals	75.34	73.29
Preserves and Dry Groceries	23.72	25.52
Sauces and Pickles	12.84	12.91
Canned goods	43.52	42.22
Frozen Foods	37.73	37.38
Meat, Bacon, etc. (fresh)	170.87	174.97
Fruit and Vegetables	117.47	108.05
Non-Foods	50.03	49.67
Total	713.85	701.27

1971: Feb. 100; Mar. 101.89; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; Dec. 108.26.
1972: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.36; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.15; Nov. 11: 114.48; Nov. 18: 114.49; Nov. 25: 114.72; Dec. 2: 114.72; Dec. 9: 114.75; Dec. 16: 115.77.
1973: Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.57; June 128.81; July 127.64; Aug. 126.59; Sept. 129.39; Oct. 133.83; Nov. 135.83 Dec. 138.26.
1974: Jan. 141.41; Feb. 141.52; Mar. 142.66; April 8: 143.23; April 29: 142.64; May 145.17; June 147.97; July 146.22; Aug. 145.25; Sept. 147.6; Oct. 150.5; Nov. 156.39; Dec. 159.15.
1975: Jan. 162.84; Feb. 167.77; Mar. 173.50; April 178.39; May 183.41; June 193.02; July 188.45; Aug. 189.23; Sept. 186.64; Oct. 189.79; Nov. 194.78; Dec. 201.90.
1976: Jan. 208.33; Feb. 211.81; Mar. 216.60; April 222.43; May 226.78; June 222.82; July 216.71; Aug. 221.34; Sept. 230.34; Oct. 237.28; Nov. 241.53.

Tesco urges help for deprived shoppers

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE PROBLEMS facing the poor, and less mobile shopper, will be solved only by closer co-operation between government, local authorities and the retail trade, Tesco, the supermarket group, says in a new booklet, Forward Planning and the Retail Trade.

Almost every study of the retail trade undertaken in recent years, has highlighted the difficulties suffered by the old and disabled in the modern shopping environment, but little co-ordinated effort has been devoted to the problem.

Such neglect, says Tesco, cannot be allowed to continue. The only realistic solution is a co-ordinated research and deve[lop]ment programme carried ou[t by] Government — both at a nati[onal] and local level — and the r[etail] industry.

Unless this is done, the a[lter]native will again be a piece[meal] approach to the problem "w[hich] can be to no one's benefit, [least] of all that of the so[cially] deprived."

At national level, the Go[vern]ment should develop a rea[listic] and objective response to [the] problem rather than [an] intuitive and subjective resp[onse] which has sometimes preva[iled].

Local authorities, also wo[rking] with the retail trade, sh[ould] develop plans to safeguard [the] interests of the deprived.

Credit unions call

THE National Consumer Council is seeking legislation which would allow credit unions to develop in Britain "in properly regulated circumstances to provide an essential community service many poor borrowers need."

In a memorandum to MPs, the Council says: "People without bank accounts, especially those with low incomes, have practically no access to institutional sources of credit at moderates rates of interest and are often forced to pay exorbitant interest rates.

"The solution lies in [the] development of credit unio[ns, a] form of co-op which ope[rates] successfully in many p[laces] including the Irish Republic [and] Northern Ireland. Nort[hern] Ireland has laws which pr[ovide] for credit unions, but the [rest] of the U.K. does not."

The Consumer Counci[l is] hoping for legislation in [the] form of an amendment t[o the] Industrial and Provident [So]cieties' Act this session, pe[rhaps] through a private members'

Entertainment Guide

OPERA & BALLET

… (01-836 3161.) …LISH NATIONAL OPERA Tour. and Fri. 7.30 Le Belle … Wed. and Sat. 7.30 Der Rosenkavalier.

…GARDEN. 240 1066 (Garden… …redit card booking. 836 6903.) THE ROYAL BALLET … Fri. at 7.30: Swan Lake. Wed. …t 7.30: Dances at a Gathering. …es, Voluntaries. Thurs. at 7.30 …am, Adagio Hammerklavier, A Month in the Country. THE ROYAL OPERA …t 7.30: Troilus and Cressida. 65 …eats for all perfs on sale from 10 a.m. on day of perf.

…WELLS TH. Rosebery Ave. EC1. …2. Commencing Tomorrow. …N CONTEMPORARY DANCE THEATRE …0 Tomor. & Wed.: Nymphaeas. …roy Game Thur., Fri. & Sat. …e Bronze, Nema, Place of Change.

THEATRES

…THEATRE. 01-836 7611. …0. Mats. Thurs. 3.0. Sats. 4.0. IRENE …NDON'S BEST NIGHT OUT. …ACLE. CAPTIVATING TUNES …RACY COMEDY." People. IRENE SUMPTUOUS—THE MUSICAL …AS EVERYTHING." D. Express IRENE BOOKING TO MARCH 1977 …EDIT CARDS ACCEPTED.

… 836 3878. Evenings at 8.00 …rs. 3. Sats. 5 and 8.15 sharp …tional Theatre production MICHAEL JAYSTON EQUUS by PETER SHAFFER …irected by John Dexter. …ING AND COMPELLING." Std.

…4 836 6404 Inf. 836 5332 …s 7.30 Matinee Sat. 2.30 …SHAKESPEARE COMPANY IN …IRE. This week last perfs. of Chekhov's IVANOV "…a tantalising, infuriating and …erged theatrical entertainment." … Evgs. 7.30 Sat. Mat. 2.30 …r WILD OATS Red. price prevs

…DOR'S. 836 1171. Evgs. 8.00 …s 7.45 Sat. 5.30, 8.30. …ATRICK, PHYLLIS CALVERT …DEAN JENNIFER HILARY Denis Cannan's new play DEAR DADDY …Y EVENING AND THE MOST …TIAL NEW PLAY IN TOWN." …LEVER SHARP & AMUSING." … Seats £1.75 to £3.50 OR …p price seats £6.30 inclusive

… 01-437 2663. Evgs. 8.00 …r. 3.00. Sat & Dec. 27 5.30 8.30 …COLLINS. John ALDERTON …E BRILLIANT." D. Exp. in CONFUSIONS …Alan Ayckbourn gives audiences …onderful evenings." S. Times.

…ATRE. Mon. to Thurs. at 8.30 …d Saturdays at 7.30 and 9.15 TOM STOPPARD'S DIRTY LINEN "… see it." Sunday Times

…GE. 01-836 4056-7040 …ay Dec. 27 New Booking! JOHN CURRY THEATRE OF SKATING

… (930 2578.) Evgs. 8.0. Sat. 6 …, 5.30 & 8.30. Thur. 3.0. (Ex. Dec. 30) …ner of all the Awards …T PLAY OF THE YEAR …GAMBON in Simon GRAY'S …THERWISE ENGAGED …ected by Harold PINTER.

… 930 3216. Mon.-Fri. 8 …30 & 8.30. Seats from £1. …RREN MITCHELL tells … England Went Wrong in the …HTS OF CHAIRMAN ALF …JOHNNY SPEIGHT …ence revelled in it. Myself I …pped laughing from start to … Times. "Inexorably funny …rnett in his glory." Observer

…NE. 01-836 6108. Evenings 8 …atinees Wed. and Sat. 3.00 A CHORUS LINE … DEVASTATING, JOYOUS …ING STUNNER." Sun. Times

… 836 8243. Evenings 8.00 …and Sat. at 6.15 and 9.0. OH! CALCUTTA! SENSATIONAL YEAR "Nudity is Stunning." D. Tel.

…YORK'S. 01-836 5122. …00 Wed., Sat. 6.00 and 8.45. …SCOTT, JUNE WHITFIELD …DFUL OF FORFIGNERS …INELY HILARIOUS." Gdns. …and Top-price Seat £8 inc.

…T. 01-437 3661. … Court, Brewer Street, W.1. …IGHTLY 8.15 and 10.15 …L RAYMOND presents PENETRATION … Adventure in French Porno… …n explicit Multi-Sexual Fantasy. …ing men and women perform …rmutations of the sexual act. …News. You may drink and …oke in the auditorium.

… 836 2238. …8. Sat. 5 and 8. Thurs. 3. …NOERE and Derek BOND in AGATHA CHRISTIE'S …DER AT THE VICARAGE 2nd GREAT YEAR

…THEATRE. 01-836 4601. … Fri., Sat. & Dec. 27, 6.0, 8.0. …, Dec. 31, 8.30 only. …HARD BECKINSALE is …titively funny." (Daily Mail) …FUNNY PECULIAR …good laughs than any other …in London." Observer. ADULTS ONLY

…437 1592. Evgs. 8.15. Mat. …Sat. & Dec. 27 6.0 and 8.40. …ARKWORTH, PETER JEFFREY …NELOPE KEITH, the funniest …in the West End." Guardian. DONKEYS' YEARS …L FRAYN'S delightful comedy." …andard "Two hours of bubbling …aughter." Daily Mirror.

…H, Croome Hill, S.E.10. 858 …nings 7.30. Mats. Sat. 2.30. …CILENTO as THE ARTFUL … "Laughter swept the audience …aves." Times. Last wk.

…ET. 930 9832. Evenings 7.45. … 2.30, Sat. 5.0 and 8.15. …SURE TO WATCH." D. Tel. …WITHERS, Susan HAMPSHIRE …CCALLUM, Clive FRANCIS …JARVIS and Bill FRASER in Somerset Maugham's THE CIRCLE …delighted with this production …ester—I am now completely …aptured." Evening News. …rical magic—acting of the …der." Jack Tinker, Daily Mail.

…STY'S. 930 6606. Evgs. at 8.0. …nd Saturday 5.45 and 8.30. IPI TOMBI …NG MUSICAL." Evening News. 2ND GREAT YEAR

…ESTY'S. 930 6606. …g Goolden, Jan Talbot in …AD OF TOAD HALL …d. 20-Jan. 15. Book now.

…AD THEATRE. 35. 7488. …hur. 9.00. Fri., Sat. 7.30. 9.30 ROCKY HORROR SHOW …N ITS 4th ROCKING YEAR.

…437 3686 Evgs. 8.00. Mat. …Sat. and Dec. 27 5.00, 8.30. …HANCOCK, JOHN MOFFATT BED BEFORE YESTERDAY by Ben Travers. …funniest comedy in London." … "Wittiest sex comedy of … year." Daily Express.

…(new National Theatre). 928 …'t & Tomor. 7.45 THE FORCE …F by Thomas Bernhard: Wed. … 2.30 & 7.45 Blithe Spirit: Fri. … 2.30 & 7.45 Jumpers: Over …lent £1 seats on sale day of … 8.30 a.m. Car Park open.

… 629 3036. Evenings 8.0. …and Sat. 6.0 and 8.45. …SHEDDEN, IAN IRELAND in …LAUREL AND MR. HARDY …w play by TOM McGRATH). …mph all Round." Guardian. An …Ideal Family Show.

… 493 2031. From Dec. 20. …Daily 10.30, 2.30 and 4.00. …TY'S CHRISTMAS SHOW

… 248 7656. Food 248 2835. … Evgs. 8.0. Mat. Sat. 3.0 KING AND COUNTRY …he finest plays to emerge from …1st World War." Times. …RIBEST SEAT £5.95 incl. …Dec. 16: HARRY NILSSON'S …Fantasy THE POINT with …Sleep and Bernard Miles.

… THEATRE. See under. …VIER AND LYTTELTON.

…ON DRURY LANE. 405 0072. …21, 2.0, 4.30. Dec. 27 and …Sats. 1.00 and 3.15 …ve Puppet Theatre presents PINOCCHIO …ting world of colour, music …fantasy for all the family.

…01-928 7616. Evenings at 7.30. …rs., Sat. 5.30 and 8.30. THE GHOST TRAIN THUNDERING SUCCESS." … D. Express …AND LAUGHS GALORE." … Sun. Telegraph …Dec. 14 for Xmas Season. PLAY AWAY …Brian Cant and Toni Arthur. …e Daily 11.30 and 2.30.

…new National Theatre). 928 …n't 7.30 PLAYBOY OF THE WORLD by J. Synge. Wed., … Sat. 2.0 Hamlet: Thu. 7.30 …Counting the Ways: Over 130 …£1 seats on sale day of perf …m 8.30 a.m. Car Park.

… 01-437 6834. …, 8.0. Fri., Sat. 6.00, 8.40. …US CHRIST SUPERSTAR

…Y. 437 4506. Mon. to Fri. 8.0 … and 8.30. Mats. Wed. 3.00. …rome Kern's Hit Musical VERY GOOD EDDIE! …to look at. DELIGHTFUL to …HEAVEN to watch." S. Exp. …ly enchanting. I really loved … Times. Over 250 perfs.

… THEATRE. 01-836 8611. …15. Fri., Sat. 5.45 and 8.45. CARTE BLANCHE …EXIEST SHOW IN LONDON. …TUOUSLY STAGED." D. Tel.

… 01-836 8611. Prevs. from …30. Weds ats. 11.30 & 2.30 …AGIC OF YOUNG HOUDINI …lous Magical Musical Mystery … Show. Matinees only.

… WALES. 01-930 8681. …8.0. Fri., Sat. 6.00 and 8.45 MICHAEL CRAWFORD FRANCES CUKA …AME TIME NEXT YEAR …PLY GREAT." Daily Mail. …H FOR CRAWFORD." D. Exp.

… 01-734 1166. Evenings 8.00. …s. 3.00. Sat. 5.00 and 8.30. …GUINNESS, NICOLA PAGETT …INGSTON ANGELA THORNE … in YAHOO …ting theatre." Dly. Tel. "Alec …s utterly compelling." Gdn.

… REVUEBAR THEATRE. 734 …t 7, 9, 11 p.m. (Opens Sun.) …UL RAYMOND presents THE FESTIVAL OF EROTICA '76 …IR CONDITIONED. You may …d smoke in the Auditorium.

THEATRES

REGENT. 232 2787. Evenings 8.30. Friday and Saturday 7.00 and 9.15. THIRD ECSTATIC YEAR New Excitement LET MY PEOPLE COME AN ADULT MUSICAL "Never a dull moment." Evening News. 100 tickets held for sale at door.

ROYAL COURT. 730 1745. Last week. Evenings 8.0. Sats. 5.0 and 8.30. NORMAN BEATON in MUSTAPHA MATURA'S RUM AN' COCO-COLA "Very funny." Ex. "A great evening." FT

SAVOY. 836 8888. Evenings at 8.00. Sat. 5.00 and 8.00. Matinee Wed. 2.30. ROBERT MORLEY, GEORGE COLE in BEN TRAVERS' BANANA RIDGE "HILARIOUS SUCCESS." Dly. Teleg. £1 off Stalls-Circle seats if booked at Theatre and paid for min. 3 wks. in advance excl. Sat. 8 p.m. perfs.

ST. MARTIN'S. 836 1443. Evenings 8.00. Mat. Tues. at 2.45. Sat. 5.00 and 8.00. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 25th YEAR

SHAW. 388 1394. Opens Wed. CHRISTMAS CRACKERS New Children's Play by WILLIS HALL. Daily 11.0 & 2.30. Sat. 2.30 only.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. Doris Hare, McDonald Hobley, Arthur Howard, Barry McGinn NO SEX PLEASE —WE'RE BRITISH Directed by Allan Davis The World's Greatest Laughter Maker

TALK OF THE TOWN. 01-734 5051. FULLY AIR-CONDITIONED From 8.15 Dining and Dancing. At 9.30 Revue SWEET TEMPTATION and at 11 p.m. FRANKIE VAUGHAN

TH. UPSTAIRS. 730 2554. Evs. 7.30. JOINT STOCK in LIGHT SHINING IN BUCKINGHAMSHIRE by Caryl Churchill "Beautifully directed and superbly acted." Guardian.

VAUDEVILLE. 836 9988. Evenings 8. Mat. Tues. 2.45. Sat. 5.30, 8.30. IAN CARMICHAEL JULIA LOCKWOOD HUGH PADDICK PHYLLIDA LAW A DELICIOUS COMEDY OUT ON A LIMB "A FEAST OF FUN." Sun. People. "HOOTS OF MIRTH." Dly. Exp.

VICTORIA PALACE. 01-834 1317. Evgs. 8.0. Wed., Sat. 6.10, 8.50. CILLA AT THE PALACE with her friend JIMMY TARBUCK "…A BOBBY-DAZZLER OF A SHOW." Daily Telegraph.

WESTMINSTER. 01-834 0283. Opens Thu 7 p.m. Subs. Daily 2.15 and Fri. 7.30. Sat. 5.30. Chichester Festival Th. Prod. FOLLOW A STAR Xmas musical. "A perfect family show. Tuneful, lively, lots of fun." Sun. Exp.

WHITEHALL. 930 6692-7765. Evgs. 8.00. Sat. 6.00 and 8.45. Mats. Wed. 3.00. BRIAN RIX "MARVELLOUS COMIC." Evening News. Terence ALEXANDER Jane DOWNS FRINGE BENEFITS SEAT PRICES £1 to £3 or Supper and Top-price seat £5.40 inc.

WINDMILL THEATRE. 437 6312. Twice Nightly at 8.00 and 10.00. PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA An Entire French Production "Takes to unprecedented limits what is permissible on our stage." E. News. You may drink and smoke in the auditorium

WYNDHAM'S. 836 3028. Evgs. Mon.-Fri. 8.0. Saturday 5.15 and 8.30. Millicent Martin Julia McKenzie David Kernan Ned Sherrin in SIDE BY SIDE BY SONDHEIM "If you are planning to spend one evening in the musical theatre this year I urgently suggest you make it Side By Side by Sondheim. If you are planning to spend two, GO TWICE." Punch. "GO THREE TIMES." Clive Barnes, NYT.

YOUNG VIC (by Old Vic). 928 6363. Ton't 7.45 MAN FOR ALL SEASONS.

CINEMAS

ABC 1 & 2, Shaftesbury Ave. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1. PICNIC AT HANGING ROCK (A) RADIO ONE ON THE ROAD (U). Wk. & Sun. 1.45, 4.40, 7.50. Last 3 days. 2. SURVIVE (X). Wk. & Sun. 2.00, 5.30, 8.30. Some Scenes May Be Too Intense for Sensitive Persons.

CASINO, Old Compton Street. 437 6877. Sylvia Kristel in EMMANUELLE 2 (X). Progs. 2.45, 4.20, 7.25. Last 3 Days.

CURZON, Curzon Street, W.1. 499 3737. COUSIN COUSINE (AA). English subtitles. Progs. at 2.30 (not Sun.), 4.25, 6.25 and 8.30. "Quite delicious and enormously funny." Daily Express.

EMPIRE, Leicester Sq. 437 1234. All seats may be booked at the box office or by post. THE INCREDIBLE SARAH (A). Sep. perfs. Progs. 2.30, 5.30, 8.30. Late Show Fri. & Sat. 11.30 p.m.

LEICESTER SQUARE THEATRE (930 5252) I WILL, I WILL … FOR NOW (X). Sep. progs. Dly. 2.30, 5.30, 8.30. Seats bkble. for all 8.30 progs. & for 2.30 & 5.30 progs. Sat. and Sun.

ODEON, Haymarket. (930 2738/2771.) TAXI DRIVER (X). Sep. progs. Dly. 1.30, 4.45, 8.15. Ft. times Mons.-Suns. inc. 2.05, 5.20, 8.50. All seats may be booked.

ODEON, Leicester Square. (930 6111.) THE RETURN OF A MAN CALLED HORSE (AA) in 70 mm. Sep. progs. Dly. 2.45, 5.30, 8.25. Seats bkble by post or at box office for Mon.-Fri. 8.25 prog. and Sat. & Sun. all progs.

ODEON, Marble Arch. (723 2011/2.) BUGSY MALONE (U). Sep. progs. Dly. 2.30, 5.30, 8.30.

PLAZA 1 & 2, Lower Regent Street. 437 1234. Sep. perfs. All seats bookable Eve perfs. Box Office 11 a.m. to 7 p.m. (not Suns.). No phone bookings. 1. THE BIG BUS (A). Daily 2.20, 3.55, 6.10, 8.25. Late Show Fri. and Sat. 11.15 p.m. 2. THE BAD NEWS BEARS (A). Progs. wk-dys. 2.15, 4.30, 6.70, 8.40. Late show Fri. and Sat. 11.15 p.m.

PRINCE CHARLES, Leic. Sq. 437 8181. Now in Her 3rd Sensational Year The One and Only Original Emmanuelle (X). Sep. Perfs. Dly. (inc. Sun.) 2.45, 6.15, 9.00. Late Show Fri. & Sat. 11.45. Seats Bkble. Lic'd Bar.

SCENE 1, 2, 3, 4, Leicester Sq. (Wardour Street.) 439 4470.

SCENE 1 & 2. Cont. perfs. Daily 11.30 a.m. Late shows Fri. and Sat. 11.30 & 12.00. THE TEXAS CHAIN SAW MASSACRE (London X). Progs. 11.30, 12.00, 1.30, 2.00, 3.30, 4.40, 5.30, 6.00, 7.30, 8.00, 9.30, 10.00. Late shows Fri. & Sat. 11.30 & 12.00

SCENE 3. THE MESSAGE. (A). Sep. perfs. Dly. 12.40, 4.10, 7.50. Late show Fri. & Sat. 11.30.

SCENE 4. Cont. perfs. Dly. 12.40. Late show Fri. & Sat. 12.05. SURVIVE (X). Progs. 12.40, 2.20, 4.15, 6.10, 8.10, 10.05. Late show Fri. & Sat. 12.05

WARNER WEST END, Leicester Square. Tel.: 439 0791.

1. Redford/Hoffman. ALL THE PRESIDENT'S MEN (AA). Sep. perfs. 2.05, 5.05, 8.05.

2. Led Zeppelin. THE SONG REMAINS THE SAME (A). Sep. perfs. 2.15, 5.15, 8.15. All seats bkble.

3. Stanley Kubrick's BARRY LYNDON (A). Ryan O'Neal, Marisa Berenson. Fully air-conditioned. Sep. progs. 2.30, 7.30.

4. SCHIZO (X). Cont. progs. Wk. 1.50, 4.00, 6.10, 8.20.

ART GALLERIES

AGNEW GALLERY, 43 Old Bond St., W.1. 01-629 6176. ENGLISH PORTRAIT MEZZOTINTS. Until 1st December. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BEDFORD HOUSE GALLERY, 106, Kensington Church Street, W.8. 229 8156. Man and his space paintings and drawings by ANSELMO until November 27. Opens Tues-Sat. 10-1.00, 2-6.

COLNAGHI'S, 14, Old Bond St., W.1. 01-491 7408. PHOTOGRAPHY. The first 80 Years. Until 1 December. Mon.-Fri. 9.30-6. Sats. 10.00-1.00.

COVENT GARDEN GALLERY, 20, Russell St. (by Opera House). 100 Early English Watercolours for Christmas. £25-£65. Dly. 10-5.30. Thur. 7 p.m. Sat. 12.30.

LEFEVRE GALLERY. 50th Anniversary Exhibition. THE COMPLETE SCULPTURES OF DEGAS. Weekdays 10-5. Saturdays 10-1 at 30, Bruton Street, London, W.1. 493 1572-3.

LEGER, 13 Old Bond Street. Exhibition Important English Watercolours. Daily 9.00-5.30. Sats. 10.00-1.00.

MARJORIE PARR GALLERY, 285 King's Road, Chelsea, S.W.3. DAVID BACKHOUSE, Sculpture. JEFF HOARE, Paintings. Until Nov. 27th. Open all day Saturday. Closed Mondays.

MARLBOROUGH, 6, Albemarle St., W.1. Edward SEAGO Paintings, Drawings and Watercolours. GRAPHICS, Victor Pasmore new Etchings. Until 27th November. Mon.-Fri. 10-5.30. Sat. 10-12.30.

REDFERN GALLERY. LAWRENCE PREECE New Paintings. 9 November-1 December. 20, Cork Street, London, W.1.

ROYAL MINIATURE SOCIETY. Mall Art Galleries, The Mall, S.W.1. 78th Anniv. Exhbn. Mon.-Fri. 10-5. Sats. 10-1. Until 15th Dec. Adm. 10p.

SOUTHWELL BROWN, 4, Friars Stile Rd., Richmond. 01-948 2776 (on the summit of Richmond Hill just off the Terrace). CHRISTMAS EXHIBITION OF DRAWINGS, PRINTS, WATERCOLOURS AND PAINTINGS. Beautiful gifts for pleasure and investment. Open Wednesday to Sunday (inclusive). 10-6.30, until 24th December.

CLUBS

YOU WILL never have a dull evening at the NEW GASLIGHT of St. James's, S.W.1. with Beautiful Company, attractive, intimate surroundings, providing excellent food, live music. It must be a success story. Tel.: 01-734 1071 (day) or 01-930 1648 (after 8 p.m.). 4, Duke of York St., St. James's, S.W.1. Free courtesy car service available 01-734 1071.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at Midnight also 1 a.m. Hostesses Mon.-Fri. Closed Saturdays. 437 6455.

EVE, 189, Regent Street. 734 0557. A la carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45, 1.45 and music of Johnny Hawkesworth & Friends.

APPOINTMENTS

Board changes at Brooke Bond Oxo

Mr. David Barnett has been appointed deputy managing director of BROOKE BOND OXO. Mr. James Kelly succeeds David Barnett as marketing director, while Mr. Peter Johnson becomes sales director. Mr. Johnson takes over from Mr. John Edwards who is moving to the Brooke Bond Liebig Group's American company, Brooke Bond Foods Inc., where he will become a director and vice-president with responsibilities for the Lake Success division.

★

Mr. John Yuille has been appointed to the newly created post of director of corporate affairs of ROCHE PRODUCTS.

★

Through its British subsidiary Neumo, Paxall Inc. of U.S. has acquired a majority interest in T. W. BARFOOT. The Barfoot Board has been reconstructed, Lord Thomas of Remenham being appointed chairman and Mr. James Burgess, formerly financial director of Neumo, becoming managing director. Mr. Bryan S. Reid Jr., chairman of Paxall, joins the Board as a non-executive director, while Mr. David Haynes, continues as works director. Mrs. C. J. Barfoot, Mr. D. W. Barfoot and Mr. E. A. C. Barfoot have retired from the Board.

★

Mr. Nigel Smith has been appointed a director of RINGTONS.

★

Sir Iain Stewart and Mr. D. K. Fraser, chairman and chief executive respectively of Hall-Thermotank which was acquired by APV on November 15 have been appointed directors of APV HOLDINGS.

★

Mr. R. F. Greenshields has been appointed to the Board of JOHN BLACKWOOD HODGE as marketing director.

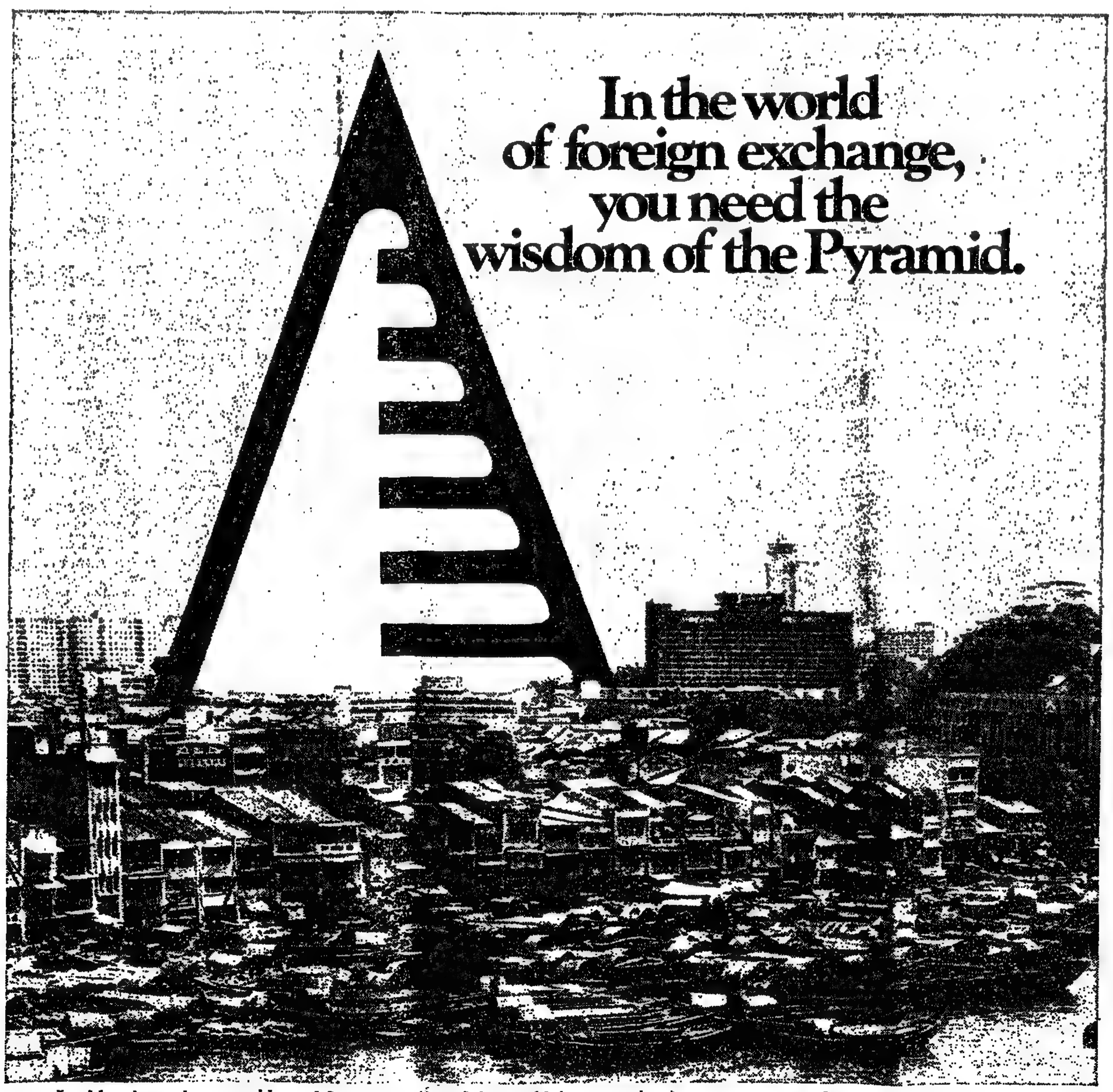
Mackerel fishing plan

FOUR BIG Grimsby trawlers, no longer allowed to fish in Icelandic waters due to the cod war agreement of last December, are to be specially converted for mackerel fishing. The plan will save 100 fishermens' jobs on hard-hit Humberside.

The ships, Crystal Palace, Blackburn Rovers, Carlisle and Barnsley, will cost their owners, Consolidated Fisheries about £2,000 each to convert.

They will join a fleet sister ship, Real Madrid, already mackerel fishing from Falmouth in the West Country.

Fishing industry leaders on Humberside have forecast the laying-up of 30 big trawlers when the Iceland agreement ends on Wednesday pending further EEC negotiations in Reykjavik. Icelands consul in Grimsby, Mr. Jon Olgeirsson says there is no reason why they should not be successful.



FINANCIAL TIMES REPORT
Monday November 29 1976

South Glamorgan

As in England and Scotland, the capital city of Wales will be in the south of the country—Cardiff. As a result, South Glamorgan, with the bulk of the population in Cardiff, is rapidly preparing itself to be the financial and administrative centre of the new devolved Wales.

Capital centre of new Wales

FOR THE main centre in the new county of South Glamorgan, the city of Cardiff, next month will represent a significant coming of age. For although recognised as such long beforehand, it will be just 21 years on December 20 since Cardiff was accorded the status of Welsh capital. And with the years of adjustment now behind it, there are signs that the city might be about to see changes which will give further reality to that role.

If the Government can steer its legislation through Parliament and any subsequent referendum, Cardiff could by next year be getting ready for the first meetings of the Welsh Assembly, which could in future be taking many of the most important decisions affecting life in Wales. Next year could also see the pace of internal development within the city pick up after several decades of self-imposed hesitation.

Anxious for a scheme that would be fitting for a capital city and which could take its place alongside the splendid public buildings created in more than a hundred acres of parkland 60 years ago, Cardiff's elders have spent much longer than its citizens would have wished in redeveloping the city's commercial areas.

After the collapse two years ago of what would have been the biggest comprehensive development ever attempted in Britain, at a cost likely to have been in excess of £100m., a more modest step-by-step approach has now been embarked upon. Discussions with developers are now at an advanced stage and contracts could shortly be signed, offering the prospect of a start before too long on revitalising decayed central areas.

Both schemes have their critics, as might be expected, but they come at a time when Cardiff as a city is probably as well prepared as it ever will be to take on a wider role. The main policy lines followed in recent years have been to seek to improve its communications with other parts of the U.K., to expand its role as a administrative centre, and to broaden its industrial base, and although industrial development remains a problem, progress has been made on all three counts.

It is now some years since the M4 reached the western outskirts of Newport eight miles east of Cardiff, but work is now advanced on filling in some of the gaps in the M4 as it travels onwards around Cardiff to Swansea. Considerable improvements too have been made to internal communications within the city with a new by-pass diverting traffic from the city centre, where another new road skirting the civic centre has made it possible to pedestrianise Queen Street, once part of the A48, the main east-west highway through south Wales and also the principal shopping street in Wales.

The past few months have also seen train journey times between London and Cardiff significantly improved with the introduction of British Rail's high-speed train which has brought the two capitals within less than two hours of each other.

The city's network of air links with other parts of the world—severely cut back in 1974 following the oil crisis—have also begun to expand again. British Airways maintains many of the services it inherited from Cardiff-based Cambrian Airways, including scheduled routes to Paris and Belfast but the main developments are now coming from independent concerns willing to use smaller aircraft to develop bus-stop routes from regional airports. Operators from Rhoose, near Barry, eight miles west of Cardiff, include Dan-Air and Air West, and the new routes they have opened or plan to open will bring the scheduled destinations served up to 20, including Brussels, Amsterdam, Cork, and a number of U.K. cities. Charter services to the U.S. by 747s are planned for next year from the airport, already one of the major U.K. regional departure points for holiday flights. Other forms of communication are also being improved, with the Post Office currently spending £18m. on a new multi-storey telephone exchange, now rising in Cardiff's city centre.

Investment on this scale in improving the links between South Wales and the world has undoubtedly been one of the reasons for the number of major moves of office accommodation to the city, though in practically every case the public rather than the private sector has led the way.

The transfer of powers from Whitehall to the Welsh Office, founded 12 years ago, has meant the number of civil servants handling Welsh problems in Wales has been increased substantially, but their arrival has been supplemented by the establishment in Cardiff of other Government offices. Cardiff is one of the principal U.K. income tax centres, and is also the new home of Companies House: part of the Export Credits Guarantee Department is also being transferred to the city along with 5,000 jobs from the procurement department of the Ministry of Defence. The area has had its disappointments, with the projected transfer of British Rail's Western Region field headquarters foundering on the opposition of staff due to be moved from Bristol, Reading, and London, but space in the block specially built for the purpose near the city's Queen Street station is being let to the Land Registry for Wales and the Post Office Data Processing Service, which is transferring from London. Staff chose Cardiff ahead of other locations once a decision to move from London had been taken.

This Report was written by RHYS DAVID

Individual

The reasons for this relative attraction of the area are not hard to find. Cardiff has managed to retain its individuality perhaps more than most other U.K. cities and does offer a wide range of facilities in a number of fields. Because of delays the city missed out on the 1960s style precinct redevelopment of U.K. cities but can probably count itself fortunate for that.

The city's two largely Edwardian main shopping streets, both of which could have been vulnerable in the face of the massive provision of new facilities proposed in the 1960s, are belatedly gaining recognition as of some architectural interest and charm. And adding to the character of the shopping amenities offered by Cardiff is a network of arcades in which smaller locally-owned shops providing a wide range of services have been able to survive.

The county area embraces, west of the city, the Vale of Glamorgan, a mixture of rich farmland, ancient sites, small and medium sized villages and expensive commuter properties, as well as the two towns of Penarth, a coastal resort, and Barry, an industrial and seaside town.

The attractiveness of the area as a place to live has been enhanced in other ways too. For Cardiff's status as Welsh capital has given it an importance beyond its size—roughly 300,000—and its role as centre for more than 1.5m. people in South Wales. With the tide of Welsh consciousness running much more strongly in recent years, individuals and organisations have been spurred on to provide in Cardiff facilities designed to cater for the whole of Wales.

At a business level the past decade has seen a number of institutions including banks and insurance companies follow Whitehall's lead in making the city the centre of their Welsh activities. Cardiff has also expanded as a financial centre, with the Commercial Bank of Wales among the new institutions founded in recent years in the city and at union level Wales's trade unionists have also joined forces to create for the first time a Wales TUC with main offices in Cardiff.

The city has also strengthened its role as a major health, educational, sporting and media centre, developing in advance of the political devolution now about to come, as one of the most important regional seats of government in Britain. Furthermore, the influx of skills this has brought has had beneficial effects on other aspects of life in the city.

Though efforts to establish a national theatre have fallen foul to delays and economic stringency, the live theatre is in a healthier state than at any time in the past. The New Theatre owned and run by the city council is now the home for several months every year to the Welsh National Opera and various touring productions. The last few years have seen too the provision of a new theatre and other arts facilities in Cardiff.

Sadly the opportunity to convert the Capitol, a 3,(Rank cinema, into a f home for the Welsh N Opera is probably going lost for lack of the £3m. required. For an identic the city council is propo build a concert hall as the new central area rec ment scheme using co tion money received Ravenseft, the company was to have been the c partner in the earlie centre scheme. The conc will double up as a con centre, an area in which has fallen behind in years, though considera vestment has been pu hotels in the city. T hotels have been built—(diff Centre and a Trust Forte Post House—and hotels have been mode although more stringe regulations have also some closures.

Weakness

The Achilles heel of Glamorgan and Cardiff ticular, however, is its w dustrial base. Only 21.5 p of the city's working pop are employed in manufa compared with 34.6 pe for the U.K. as a who more than 30 per cent. manufacturing labour f employed in steelmaking many of the jobs are disappear some time aft with the proposed closur British Steel Corporatio Moors steel works in th docklands.

The imbalance is a le the city's development last century as the adm tive centre for the Soutl coal and shipping indus more recent Governmen which has sought to re that role. Government st in Wales have concentr steering industry the areas affected by the r in the 1950s and 1960s coal industry. Cardiff rest of South Glamorg have development area like most of the rest of but in the present recessi other competing areas come up against the lack of footloose indust

Jobs are being made av in a number of new attracted several years cluding a new television bly factory for Matsus medical isotopes plant built for Radiochemicals and a new stationery constructed by Burrough has also recently compl major investment prog totalling £56m. at its installations—now the steel re-rolling compl Europe. No one is sure ever, where the next ro investment needed to c with the rundown of East and the loss of around 10 will come from.

Much will clearly dep the performance of the economy, for its recove be certain to make among the most att centres for investment in If this is the case Cardiff again become one of the growing parts of Wales, ing it as a capital to ir the contribution it can towards sorting out probl other parts of the Princ as well.

Attractive office rentals

AFTER YEARS of comparatively little activity, building in Cardiff seems to have got under way again during the recession. A number of new blocks have risen on the skyline; cranes have begun to appear at other sites; and property long acquired under compulsory purchase orders could soon be falling before the demolition men.

These signs of activity represent the two main strands in the current development of Cardiff—the boom in Government office dispersal which has kept the men from the Property Services Agency busy looking for new accommodation, and the somewhat more hesitant steps now being taken towards redevelopment of the city centre.

An earlier attempt at comprehensive redevelopment of Cardiff was drawn up in the late 1960s under which a partnership consisting of Ravenseft, the developers, and the city council would have undertaken a massive programme to provide new shops, offices and amenities on 22 sites covering 77 acres in a 300 acre controlled zone of the city.

The scheme provoked a lot of opposition, however, on the grounds of excessive provision of new facilities and limited opportunities for participation by local interests. It aroused little enthusiasm among the general public, too, and elicited more relief than disappointment when eventually scrapped because of financial difficulties.

The latest scheme, not unnaturally, has been tailored to the much more stringent economic conditions now prevailing, and is concentrating effort on priority areas. Negotiations have been going on for the past year between the city council and Heron Corporation in a bid to get agreement before compulsory purchase orders run out next February. If these talks are successfully completed, work could be under way some time next year on the most important site, a block south of the city's main shopping thoroughfare, Queen Street.

Complex

The project will add some 500,000 square feet of new shopping to the existing 3.5m. square feet floor space in the city centre, and will be developed by Heron as part of a consortium. Other members are Boots and Woolworths, whose Queen Street shops will back into the new complex, and Debenhams, which will be building a new store. Marks and Spencer, though not formally involved in the consortium, will also be making alterations to its store to ensure access to and from the new shopping facilities.

The proposals have within the past week received approval from the city council and are being welcomed as a sign that some development is about to happen at last. The scheme still faces some opposition, however, partly as a result of two recent developments which have appeared to cast doubts on its financial viability.

First, recent decisions by two Cardiff stores to close has induced some nervousness over whether the planned provision of new facilities will affect existing traders and lead to empty properties, either in the new development or the older

CONTINUED ON NEXT PAGE

Patchy industrial scene

.AST few months in have seen the opening w office stationery fac- commissioning of a new rolling complex, and the ent of the first trainees Japanese television y plant—all of which m an almost enviable re- progress at a time when ent is still at a low ebb effects of the recession l very much with the nomy.

although new projects more than £80m. in have come to South an over the last two or ears the developments be seen against the back- of the very severe al problems in the y of Cardiff as a whole. h about 12th in size in cities after London, Car- ot even in the top 30 in f industrial floor space. the companies in the small scale with only ploying more than 1,000 overall unemployment is 8.5 per cent. for men and much lower for women rates are substantially those in similarly-sized n most other parts of

loyment

dd to these problems ne after 1980 Cardiff is another 4,000 jobs in turing industry when est single employer, the Steel Corporation, closes t Moors steelworks, as its strategy of concen- production at bigger hus although there have ome successes, since was accorded develop- ea status, in attracting estment the job gap to remains large, and the s of being able to do be extremely uncertain until the U.K. economy o show signs of growing ter rate.

hile the short-term out- clouded, the period the full impact of the sure is felt is being put in preparing for new as far as this is pos- nd with Cardiff the levelopment area to the s and the South-East, could be a strong candi- r the next round of nents that does take

is also some comfort rawn from the strong ance of local companies, f which have managed nd into new business ncluding manufacturing icing for North Sea oil tion, helping to take up some of the slack in nent in other industries. 's docks too have made a successful transformation from former dependence on coal and with the exception of last year have made a profit in each of the past ten years. The loss of iron ore trade likely after 1980 will be a problem but this too is expected to be overcome.

The main preparations have been centred on dealing with the shortage within Cardiff of good industrial sites likely to attract modern growth industries—at present barely represented in Cardiff. Most sites within the city have tended to be small and relatively cramped but the problem has been partly solved by the creation of a number of new fully-serviced locations on land adjoining Eastern Avenue, the city's northern by-pass which links with the M4, and near the motorway itself.

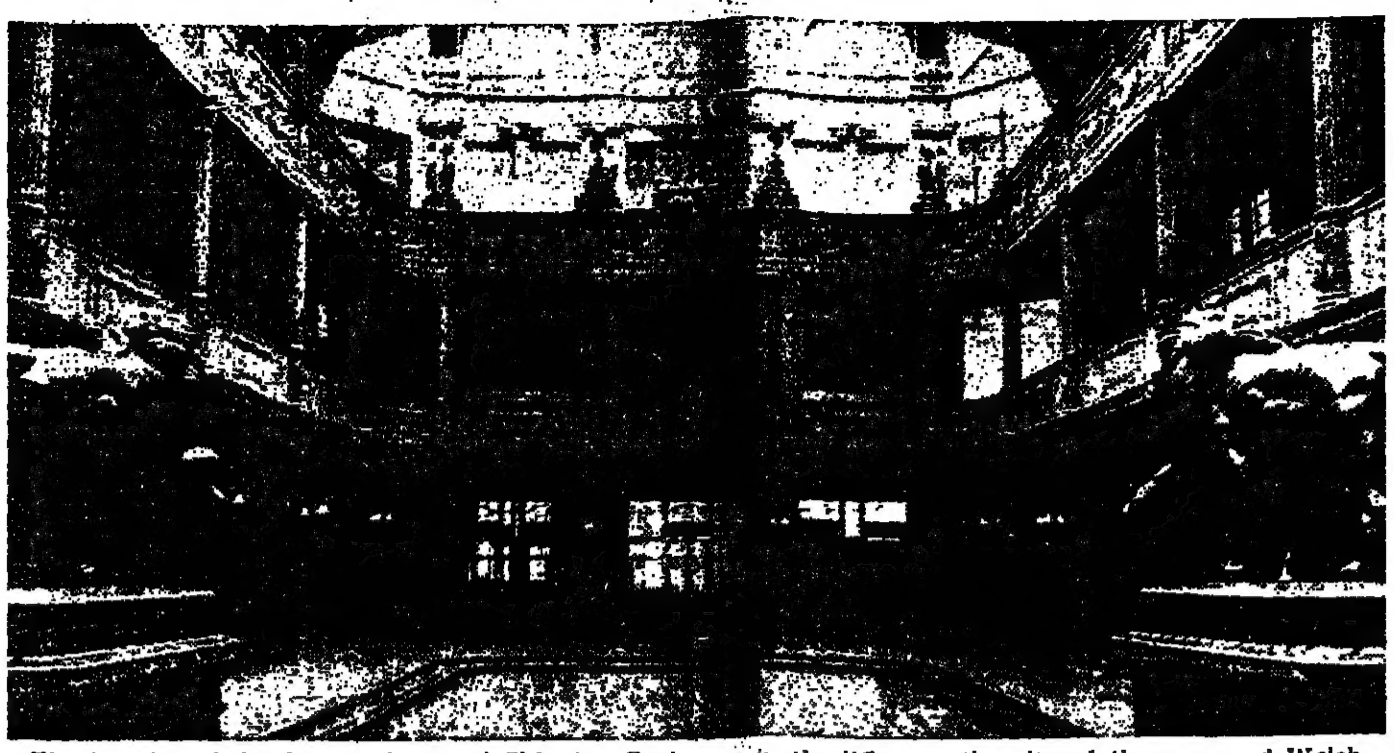
Radiochemical Centre, the highly successful publicly-owned manufacturer of medical isotopes, is to build a new plant employing several hundred people on one of these sites at Forest Farm while Matsushita who manufacture National Panasonic brand television sets, are hoping to start production at Pentwyn next year assembling sets using a high proportion of British components. Burroughs is already occupying a factory on the same site making office stationery.

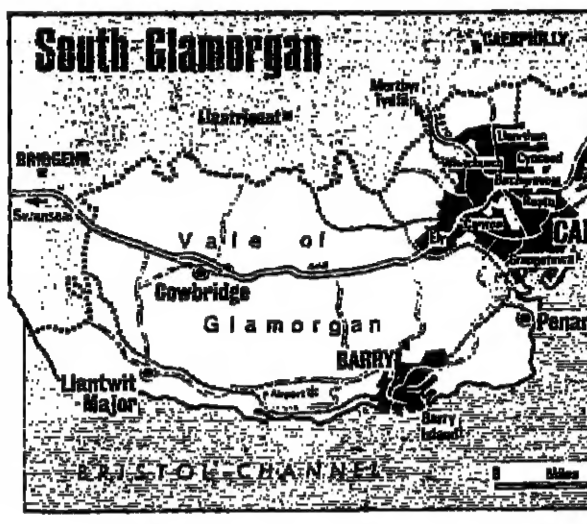
A major problem, however, is that while most of the present development has been taking place along the line of the M4 as it passes north of the city, jobs are being lost in the traditional area of industrial employment in Cardiff south of the railway lines along the coastal strip near the city's dockland. The jobs to be lost too have been in heavy industry and have provided a range of opportunities, including various apprenticeships, which are not available in light industry.

The next stage of the strategy is likely to try to correct this, concentrating on making land available in the southern part of the city, including some sites which could be capable of taking large scale heavy industry.

The most promising site likely to become available, though not for heavy industry, is at Wentloog on the eastern outskirts of the city, where some 600 acres of land acquired by South Glamorgan as a result of boundary changes at the time of local government reform, may be developed. This scheme is dependent, however, on the results of a public inquiry held earlier this year.

Another scheme now being considered is for the development of 200 acres of land, possibly at an initial cost of not much more than £1m. on the city foreshore, on a site already partially reclaimed from the sea. The BSC, which has set up a special company, BSC Industry, one of whose tasks is to help find new industry for Cardiff, is also being asked if it can bring forward the release of land it occupies in the docks.


The interior of the former Coal and Shipping Exchange in Cardiff, now the site of the proposed Welsh Assembly.



Other land within the docks has in fact already been put to good use by the port authority, the British Transport Docks Board which runs the South Wales group of docks, including Cardiff and Barry. The Board's policy has been to release land where possible to port-related industry capable of generating traffic for the docks and among the most recent arrivals are a new phosphoric acid plant run by Portland Chemicals and a new scrap processing facility by Bird.

The port's main trades—apart from iron ore which represents about 20 per cent. of total traffic of 4m. tonnes per year—are fruit, timber, grain, refrigerated products, and oil, and considerable sums have been spent over recent years improving facilities to enable ships of up to 30,000 tonnes to be taken on 80 per cent. of tides. The port authority has avoided the severe competition for containerised cargoes going instead for the bulk of cargoes still carried in other vessels. A new project now in the early stages of consideration is for new port facilities south of the existing docks capable of taking the next generation of vessels of up to 50,000 tonnes. At Barry, where vessels up to 20,000 tonnes can be taken, fruit and coal and oil are the main cargoes but the BTDB sees possibilities for trans-shipment of cargoes from vessels anchored at single buoy moorings in the very deep water outside the port to barges.

Survival

The development of new land for industry and the investment that has been put into docks and into other forms of communications may well come into their own only over the long term. The main support which the Cardiff area will have to rest on over the next few years will be its existing industry which has managed to survive the rigours of recession in reasonable shape, though not without reductions in its labour force.

Though the city's industrial base is narrow the list does include Wiggins Teape, paper manufacturers, J. and R. Freeman, manufacturers of cigars, Bass Charrington and Whitbread, the brewers, Aeroquip, the U.S. owned manufacturers of industrial equipment and several major locally-owned concerns including John Williams, manufacturers of aluminium windows and steel stockholders, British Dredging, suppliers of building products, and Aeronca, filtration engineers.

British Leyland has also recently completed a £11m. programme of investment at its Rover works in Cardiff designed to step up output of gearbox and engine components in line with the higher production levels envisaged for the new Rover saloons. The Cardiff plant is also now supplying Triumph.

The most significant part in stabilising the industrial base of Cardiff in recent years, however, has been played by GKN, which, with the closure of the BSC's plant—part of GKN's complex until nationalisation in 1967—will be by far the biggest industrial employer in the area. There had been fears that the ending of open-hearth steel-making in Cardiff would put at risk GKN's comitment to the city, its biggest production centre outside the Midlands, especially as the BSC is proposing to supply GKN from Scunthorpe. GKN, however, has spent some £56m. on a range of new facilities in Cardiff since BSC's withdrawal from the city was announced, including a mini-mill producing 400,000 tonnes per year out of the total of 1.3m. tonnes it will be processing in its Cardiff mills. The biggest share of the investment—£26m.—has gone into a new rod mill.

But although these and other developments are currently coming to Cardiff's rescue, the city remains in need of a major new industrial project, capable of providing a substantial number of jobs and of creating many others in supplying and spin-off industries. The BSC has received a list of possible industries from consultants suitable for Cardiff but it is unfortunately easier to name candidates than to attract them. For Cardiff it is probably a matter of waiting until improved economic conditions stimulates further investment by British concerns and perhaps encourages overseas companies to look at the area as a manufacturing base. The city's prospects then are likely to depend on how far the preparations now being made have advanced.

Rentals

CONTINUED FROM PREVIOUS PAGE

shopping streets. It is being argued, however, that both closures represent special cases. One of the stores, Gaba, has attempted to make the transition from wholesale to retail, and the other, Seccombes, was part of a package of stores picked up by House of Fraser when it bought the Hide group last year, and was evidently surplus to its requirements in Cardiff, where it already owns the premier store, James Howell.

A more serious objection has been raised by last minute changes introduced into the financial arrangements. It was originally intended that the city council should make available its present land ownerships in the area — valued at around £2.9m.—but that the developers would be responsible for the remaining land acquisition, demolition, and building. The city council has now agreed to undertake acquisition of the remaining land at an estimated cost of some £2.8m. Thus what was to have been a private venture is to receive an injection of capital by the ratepayers, though the city points out that its rental income will be correspendingly increased. The city is hoping to fund its land purchases from sales of land elsewhere, and from compensation money paid by Ravenseft following its withdrawal from Cardiff.

Outside Cardiff the Barry area is now a major centre for chemicals through BP Chemicals, which occupies a 230-acre site employing 1,800 people manufacturing pvc, nitrile rubbers and synthetic resins. Also at Barry, Dow Chemicals makes polystyrene and Dow Corning makes silicon materials. The economy of the western part of the country is also heavily reliant on RAF St. Athan, the biggest RAF base and a major maintenance centre for the air force employing 3,500 servicemen and 1,500 civilians. The base has recently been authorised to begin its own servicing of Rolls-Royce aircraft engines.

If the city centre scheme survives the latest doubts that have been raised, the process of land clearing could begin next year, with construction following later in the year and completion taking place possibly by 1980. Progress on other sites within the redevelopment area south of Queen Street is likely to depend on the commercial success of the first stage, but in the short- and medium-term, other sites are likely to be cleared for use as car parks, as existing land used for parking is built upon.

The Heron group is also undertaking office development within the designated central area on a number of other priority sites. Ravenseft completed a number of developments—largely required to rehouse businesses displaced from development areas — before pulling out, but other sites on which the company was about to start work have now passed to Heron. The group which has been involved in Cardiff for some years is erecting a twin tower block near the city's central station for completion in 1978, and work is expected to start next June on another block in Newport Road, near the city's other station.

Dominant

Like most of the other blocks in Cardiff the twin block has been pre-let to the public sector, for some time the dominant factor in Cardiff office development. A 500,000 square feet block, likely to be one of the biggest in the U.K., is now rising at the northern end of Cathays Park, the main local and national Government administration centre in Cardiff, and will be the headquarters for the Welsh Office and home for part of the Export Credits Guarantee Department. Companies House has moved to a new block several miles to the north to former Ministry of Defence land, while the Ministry of Defence itself which is expected to move its procurement executive to Cardiff by 1980, has decided on a site at St. Mellons on the outskirts of the city.

With the Government now the most important influence in the office market in Cardiff, it remains to be seen how much success the city will have in attracting major private clients. Because of its development area status Cardiff remains a very attractive location for office dispersal, as the Development Corporation for Wales recently pointed out. It calculated that a London-based company employing 1,000 which decided to take 100,000 sq. ft. of office space in Cardiff, transferring some 250 key personnel to the area, would make savings of £8m. over a five year period. This would result, if advantage was taken of the inducements available, including five years free rent and grants of £1,000 for each new job created, loans for capital expenditure and other lower costs. Current rent levels in the city are in the region of £3.50 per sq. ft. compared with £8-£18 in London.

It seems very likely, however, that the pattern of development for the private sector within the city over the next few years will be one of relatively small-scale development to meet local needs for improved accommodation. Apart from the two new blocks in which Heron has an interest, planning permission for a further 300,000 sq. ft. of office space at eight different sites is available, but most of these projects are likely to go ahead only in more favourable economic circumstances. The move by the Welsh Office to a new headquarters building is furthermore likely to result in the release of space scattered around the city.

The arrival of the Government in force has meant that many of the original calculations as to the amount of office accommodation that would be required and its location within the city have been upset. Though the city council remains committed to a policy of seeking to retain major office development within the central area, the public sector has gone in for its own form of dispersal within Cardiff. A further complication has now been added by the Government's decision to site the Welsh Assembly away from Cathays Park in the former Coal and Shipping Exchange in the city's dockland. The change will put the assembly at some distance from the Welsh Office but the move does offer the prospect of bringing a revival to the dock area, the city's original commercial area.

For Cardiff a period of adjustment to the substantial new office development that is taking place is now likely to be necessary. The City's position as one of the main office centres within the ~~U.K. has now been~~ decisively confirmed, however.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium [illegible] (based on $US1.6512 per £)

Conversion factor 0.7129 (0.7141)

CANADIANS

S.E. List Premium [illegible] (based on $1.6575 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb. Aug.	Blyvoor 25c	370	28.6	Q75c	1.6	14.7
Feb. Aug.	Buffels R1	670	14.9	Q125c	1.6	13.5
—	Deelkraal R0.20	93	18.10	—	—	—
Feb. Aug.	Doornfontein R1	235	28.6	Q55c	2.2	16.9
Aug. Feb.	East Drie R1	635	28.6	Q75c	1.7	8.5
—	Elandsrand Gld. 20c	170	—	—	—	
Feb. Aug.	Elsburg R1	105	28.6	‡Q33.8c	1.0	‡
Feb. Aug.	Hartebeest R1	£10¼	28.6	Q190c	1.3	13.4
Feb. Aug.	Kloof Gold R1	450	28.5	Q47c	1.5	7.6
Feb. Aug.	Libanon R1	310	28.6	Q60c	2.0	19.7
February	Southvaal 50c	360	29.12	Q8c	1.5	1.6
Aug. Feb.	Stilfontein 50c	150	14.6	‡Q36c	2.2	‡
Aug. Feb.	Vaal Reefs 50c	£10¾	28.6	‡Q175c	2.1	‡
Feb. Aug.	Venterspost R1	155	28.6	Q25c	3.6	11.7
Feb. Aug.	W. Drie R1	£20¼	28.6	Q335c	1.5	12.0
Dec. Aug.	Western Areas R1	170	29.5	‡Q52c	1.4	‡
Feb. Aug.	Western Deep R2	820	28.6	‡Q147c	1.6	‡
Feb. Aug.	Zandpan R1	175	22.6	Q31½c	1.0	12.9

O.F.S.

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Sept. Feb.	Free State Dev. 50c	110	9.8	Q9c	0.6	5.9
May Nov.	F.S. Geduld 50c	£11	20.9	Q200c	φ	13.2
November	F.S. Saaiplaas R1	90	9.75	6c	2.6	4.8
May Oct.	Harmony 50c	295	22.3	‡Q65c	1.9	‡
Nov.	Loraine R1	65	9.75	Q5c	0.5	5.1
May Nov.	Pres. Brand 50c	987	20.9	Q170c	φ	12.5
May Nov.	Pres. Steyn 50c	715	20.9	Q45c	φ	4.6
May Nov.	St. Helena R1	£12¼	20.9	Q170c	φ	10.0
—	Unisel	124	—	—	—	—
May Nov.	Welkom 50c	190	20.9	Q15c	φ	5.2
May Nov.	W. Holdings 50c	£15¼	20.9	Q310c	φ	14.7

FINANCE

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Apr. Sept.	Ang. Am. Coal 50c	425	18.10	MQ39c	2.8	6.5
May Nov.	Ang. Amer. 10c	230	18.10	Q33c	1.9	10.4
Mar. Aug.	Ang. Am. Gold R1	£15½	28.6	‡Q260c	1.5	‡
Feb. Aug.	Ang.-Vaal 50c	900	28.6	Q105c	3.3	8.7
Jan. July	Charter Cons.	121	14.6	†6.76	2.4	8.8
Nov. July	Cons. Gold Fields	152	18.10	7.37	2.1	7.5
July May	East Rand Con. 10p	16	22.3	1.0	2.2	9.6
Mar. Sept.	Geduld Inv. R1	240	1.11	Q40c	1.5	12.1
Oct. May	Gen. Mining R2	£14	20.9	Q210c	2.1	10.9
May Sept.	Gold Fields S.A. 25c	£11¾	23.8	Q155c	1.2	3.5
Jan. Oct.	Jo'burg Cons. R2	£14½	6.9	Q170c	2.2	8.5
Aug. Feb.	Middle Wit 25c	215	28.6	Q35c	1.2	11.8
Mar. Oct.	Minorco SBD1.40	158	8.9	Q2c	0.7	0.8
May Sept.	New Wit 50c	92	23.8	Q18c	1.0	14.2
October	Patino NV Fls.5	£14⅛	11.75	QC65c	0.8	3.0
July Dec.	Rand Selection 50c	380	28.6	Q65c	φ	‡
Jan. July	Selection Trust	370	28.5	15.2	2.5	6.4
Aug. Mar.	Sentrust 10c	140	14.6	Q30c	1.4	15.5
Dec. July	Silvermines 2½p	35	1.11	3.0	1.6	13.2
July Jan.	T'vaal Cons. Ld. R1	975	1.6	Q75c	φ	5.7
Mar. Sept.	U.C. Invest R1	150	9.8	‡Q36c	1.0	‡
May Nov.	Union Corpn. 6.25c	240	20.9	†Q36c	1.4	10.8
Sept. Mar.	Vogels 2½c	70	23.8	†Q6½c	1.2	6.7

DIAMOND AND PLATINUM

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. May	Anglo-Am. Inv. 50c	£20	20.9	†Q244c	1.6	8.8
Apr. July	Bishopsgate Plt. 10c	75	6.9	†Q8c	φ	7.8
May Nov.	De Beers Df. 5c	192	20.9	Q28c	2.2	10.5
Jan. Aug.	Do. 40pc Pf. R5	£10	1.6	Q200c	18.0	14.5
Nov. May	Lydenburg 12½c	75	18.10	Q7.2c	φ	6.9
Nov. May	Rus. Plat. 10c	100	18.10	gQ5c	—	3.6

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. May	Coronation 25c	68	20.9	Q5c	φ	‡
Nov. May	Falcon Rh.50c	108	20.9	Q35c	φ	—
March	Rhod'n Corp. 16⅔p.	15	8.3	0.56	6.0	5.7
J. M.Ju. O.	Roan Cons. K4	145	12.74	—	—	—
Nov. July	Tanganyika 50p	143xd	15.11	Q10.0	0.8	6.8
Jan. July	Do. Pref. 80p	70	28.6	Q9	10.2	10.7
Nov. June	Wankie Col. Rh 1	42	4.10	Q7½c	1.5	—
Au. N. Ap.	Zam.Cpr.SBD0.24	15½	11.74	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Acmex 25c	22	—	—	—	—
May Nov.	A. M. and S. 50c	232	15.3	φ†Q7c	1.5	2.4
Nov. Apr.	Bougainville $1 Toea.	118	15.3	Q10c	φ	6.7
—	BH South 50c	127	9.74	—	—	—
—	G.M. Kalgoorlie $1	20	6.67	—	—	—
September	Hampton Areas 5p	78	26.7	1.3	5.0	2.6
—	Metals Ex. 50c	51	—	—	—	—
—	Metramar 20c	22	—	—	—	—
Oct. Apr.	M.I.M. Hldgs. 50c	206	4.10	Q4½c	1.8	1.7
—	Mount Lyell 25c	25	—	—	—	—
—	Newmetal 10c	2	—	—	—	—
June Nov.	North B. Hill 50c	96	18.10	Q9c	1.3	7.3
—	Nth. Kalgurli	6	—	—	—	—
June Nov.	Oakbridge $A1	95	26.4	Q9c	1.5	7.5
—	Pacific Copper 25c	20	—	—	—	—
—	Pancont'l 25c	850	—	—	—	—
—	Paringa M&Ex.5p	9	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	370	22.3	Q15c	φ	3.2
—	Poseidon 20c	75#	—	—	—	—
—	Vulcan Min. 50c	6	—	—	—	—
—	Westmex 10c	5	—	—	—	—
Oct. May	Westn. Mining 50c	147	20.9	Q5c	1.3	2.6
—	Whim Creek 20c	60	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	32	9.2	0.93	0.9	4.5
Apr. Oct.	Ayer Hitam SM1	322	26.7	23.0	φ	11.0
July Dec.	Beralt Tin	28xd	15.11	24.0	2.8	22.0
Jan. July	Berjuntai SM0.50	350	23.12	QSM1.5	φ	9.8
For Ex Lands see Trusts, Finance, Land						
Apr. Oct.	Geevor	225	6.9	5.0	—	3.4
—	Gold & Base 12½p	9	10.74	—	—	—
June Dec.	Gopeng Cons.	220	1.11	†11.0	1.3	7.7
—	Hongkong	72	11.67	—	—	—
Sept. Mar.	Idris 10p	60	26.7	7.15	1.5	19.3
—	Jantar 12½p	7	4.67	—	—	—
Dec. Apr.	Kamunting 15p	35	30.10	‡7.0	1.2	‡
July Dec.	Killinghall	270	9.8	Q50.0	φ	19.7
Dec. June	Malay Dredging	200xd	15.11	11.0	φ	8.5
June Dec.	¶Pahang	27#	9.75	Q2.5	φ	‡
Apr. June	Pengkalen 10p	48	1.11	‡7.0	1.5	‡
—	Petaling SM1	135	6.9	Q12½c	—	2.3
Jan. July	Saint Piran	40	23.8	1.25	2.5	4.8
Apr. Nov.	South Kinta 10p	70	4.10	7.5	0.6	16.5
June Dec.	Sthn. Malayan	163xd	25.11	11.8	φ	11.2
July Dec.	Sungei Besi SM1	45	6.75	—	—	—
—	Sungei Way SM1	42	9.74	2Q10	—	5.9
Sept. July	Tanjong 15p	40	26.7	4.64	0.9	17.8
Sept. Mar.	Tongkah Hrbr. SM1	44	31.1	[illegible]	φ	‡
Apr. Oct.	Tronoh SM1	98	26.7	†4.29	2.0	6.7

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Botswana RST R2	42	—	—	—	—
June Dec.	Messina R0.50	175	1.6	Q45c	φ	19.9

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
July	Burma Mines 17½p.	9	5.75	0.1	φ	1.8
—	Charterhall 5p	21½	6.9	—	—	—
Aug. Feb.	Cons. Murch. 10c	610	28.6	†Q80c	1.9	9.5
July	Northgate C$1	405	2.75	—	—	—
Jan. June	R.T.Z.	147	1.11	g5.96	2.1	6.2
—	Sabina Inds. C$1	68	—	—	—	—
—	Tara Exptn. $1	£12⅝	—	—	—	—
Nov. July	Tehidy Minerals 10p	35	4.10	†h1.08	φ	5.1
—	Yukon Cons. C$1	113	12.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ¶ Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; x£ ex capital distribution.

"Recent Issues" and "Rights" Page 25

FINANCIAL TIMES
Monday November 29 1976

EEC summit awaits lead from Schmidt

BY GUY DE JONQUIERES — BRUSSELS, Nov. 28.

THE ATTITUDE which the EEC should adopt to the demands of the developing countries in the final phase of the North-South Dialogue in Paris and the expected rise in the Organisation of Petroleum Exporting Countries oil prices next month will dominate discussions among heads of government of the Nine when they start their two-day summit meeting in The Hague to-morrow.

The European leaders are under considerable pressure from the group of 19 developing countries in the Paris talks to agree on a number of economic concessions in advance of the concluding ministerial meeting of the dialogues, which is scheduled for December 15.

Attitude

But the Nine appear as divided as ever over how to respond. To-morrow's talks seem more likely to centre on whether the Community should press for a deferment of the ministerial session—possibly until after Mr. Jimmy Carter is installed as U.S. President on January 20—than on specific occasions which might be offered.

Much is likely to depend on the attitude taken to-morrow by Herr Helmut Schmidt, the West German Chancellor. His Government placed the dialogue on the summit agenda.

Most other European leaders will want to see whether he has any new initiatives to propose before making suggestions of their own.

While the uncertainty over the size and timing of the expected oil price increase will make meaningful discussion of the economic outlook difficult, Mr. James Callaghan, the Prime Minister, is expected to emphasise the need to prevent the recovery from petering out, to take action to narrow economic disparities between the Nine and to lower unemployment throughout the Community.

Because Britain is still negotiating with the International Monetary Fund on its planned $3.9bn. drawing it is not expected that heads of government will discuss in detail possible additional measures to consolidate the sterling balances. These may be dealt with privately in conversations between Mr. Callaghan and Chancellor Schmidt.

A major item on the agenda in the Hague is discussion of a declaration which will stress the concern with which the heads of Government view the continuing deterioration of the Community's trade balance with Japan, now expected to show a deficit of more than $4bn. this year.

While the declaration will probably acknowledge the limited short-term measures announced by Japan last week it is expected to emphasise that further Japanese action is awaited in the coming months and to call for consultations on what form this should take.

Mr. Callaghan is expected to remind the other European leaders of the importance which the U.K. attaches to the speedy negotiation of fisheries agreements between the EEC and third countries, and to reiterate British demands for a sizeable exclusive coastal zone under the EEC's new internal fisheries regime.

Concessions

But his remarks are likely to be aimed chiefly at keeping these issues in the public eye. The British Government does not expect to extract any significant new concessions from its EEC partners in The Hague.

The EEC heads of government must also decide on what to do with the report on European union prepared by M. Leo Tindemans, the Belgian Prime Minister.

It seems certain that none of the report's main recommendations for new Community initiatives for reforms will be adopted. The main task facing the summit will be to give it as decent a burial as possible.

Arab oil weapon, Page 23

Rhodesia conference to discuss structure of interim regime

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

WITH THE deadlock over Rhodesia's independence date broken, Mr. Ivor Richard, British chairman of the Rhodesia conference, will to-day begin a series of intensive discussions with the Black Rhodesian Nationalists and the representatives of the White Government over the structure of a Government designed to take Rhodesia through to full independence.

With only 16 full working days to go before December 20, the agreed date for the end of the conference, Mr. Richard faces his toughest task yet. The independence date issue is likely to appear minor compared to the difficulties all six parties in Geneva seem certain to experience in trying to reach agreement on a transitional Government.

Mr. Richard's first meeting is with the Patriotic Front, whose insistence on a firm British commitment to an independence date virtually paralysed the conference for two of its four-weeks' existence.

Following their meeting with Mr. Richard on Friday, the Front delegations are expected to reiterate their belief that December 1, 1977, should be the target independence date, but although both sides are being cautious about the attitude of the other, it is thought that the Front will accede to-day to Mr. Richard's request to discuss the interim Government.

British strategy now will be to attempt to avoid a recurrence of deadlock, if possible by choosing a relatively non-controversial item to start off with, and by trying to avoid concentration on any one contentious issue for too long.

However, the gap between the Africans and Mr. Smith's delegation remains profound, with the former demanding a full handover of power and the latter dedicated to their version of the Kissinger plan, which would leave effective power in the transitional Government in white hands.

There are at least four areas where deadlock could recur. Mr. Smith's demand that the interim Government should be "two tier," with a Council of State having a white chairman and effective veto powers, and, his insistence that law and order and defence should be white-controlled, have both been firmly rejected by all four African delegations.

The question of a British role in an interim Government is also bound to be demanded to the probable discomfort of Mr. Richard and the U.K. Government; while the ultimate division of portfolios within an interim Government is likely to divide the nationalists.

Consult

This question has already erupted, with an accusation by supporters of Bishop Muzorewa over the week-end that Britain, with the backing of some front-line African states, was "plotting" to make Mr. Joshua Nkomo Prime Minister, an allegation firmly rejected by the Foreign Office.

In the next few days Mr. Richard is likely to consult all delegations in an effort to get agreement on an agenda, but all observers agree that a much greater sense of urgency will be needed if the conference is to have any hope of finishing on time.

It is felt that both Mr. Richard, and the Africans themselves, will have to dispense with the leisurely process of consultations and meetings which have characterised the last month if the target date is to be reached.

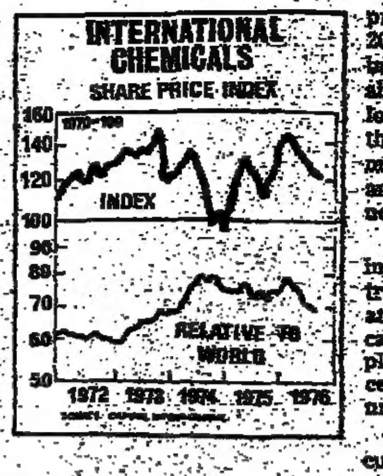
Rhodesia extends call up, Page 4

THE LEX COLUMN

Uphill road for world chemicals

This time last year the world chemical industry looked set for at least two years of uninhibited growth following its worst recession since World War II. The more optimistic analysts were soon talking of ICI earning upwards of £800m. in 1977, against £327m. last year. But something has gone badly wrong.

Dow Chemical, which prides itself on its ability to produce at least 10 per cent. annual growth in good times and bad has already admitted defeat this year. Hoechst recently introduced short-time working at its Hersfeld and Zehlendorf plants; Enka Glanzstoff, Rhone Poulenc, and Courtaulds have all announced substantial redundancies in the past months; and Italy's Montefibre decided to cut its workers' wage packets by 60 per cent. in October. As for next year, Germany's second largest chemical company, Bayer, has said that it will be a tough task to better this year's profits, which are unlikely to match the 1974 peak of DM1.36bn.



Quarterly trend

The second quarter figures from the U.S. chemical companies back in July gave the first hint that all was not well, and the third quarter results have confirmed this. Dow Chemical's profits are a fifth down in the latest period and Union Carbide's third quarter showed no growth on the previous quarter. For Du Pont and Monsanto—both much more involved in man-made fibres—the story is grimmer. Du Pont's quarterly profits have declined steadily from $141m. in the fourth quarter of 1975 to $101m. in the most recent quarter, while Monsanto's third quarter profits of $63m. are 60 per cent. down on the first three months.

Of the German chemical majors, Bayer has shown the strongest recovery with nine month profits 153 per cent. ahead at DM904m., but the quarterly trends in Bayer AG, the parent company, are not encouraging—third quarter profits are a fifth below the first quarter. Hoechst's third quarter sales stagnated and BASF which, unlike the other two has minimal exposure to fibres, is now operating its plant at under 80 per cent. capacity against 80-85 per cent. a few months ago.

The poor third quarter figures can be partly explained away by special factors. Because of holidays, it is traditionally the weakest quarter anyway. U.S. earnings have been hit by the rubber industry strike and the Germans have suffered from the steady appreciation of the Mark which has hit their export business.

However, it is clear that the operating environment facing the chemical companies has deteriorated over the last few months. Demand has been clouded by the recent hiccough in the world's economic recovery. German chemical companies have cut back their 1977 forecasts of output growth to under 10 per cent. against this year's 12 to 15 per cent. increase, and the 7 per cent. growth rate forecast for 1977 by the European chemical industry associations could be too optimistic.

Almost as worrying as the downward revision of demand forecasts is the continued weakness in chemical prices and the companies' inability to restore margins to earlier levels. U.S. benzene prices have weakened noticeably since the summer as have petrochemical prices generally. Bayer noted last week that prices remain at last year's depressed levels despite substantial volume growth in the intervening period.

Man-made fibres have been the worst hit. AKZO, which plunged back into the red in the third quarter, is suffering from "spectacular" reductions in U.S. chemical fibre prices, while Bayer has said that fibre prices will have to rise by 20 per cent. if this side business is to return to ability. As it is, it expe lose at least DM100m. on this year. ICI continues t money on its fibres oper and is not at all optimistic next year.

In the U.S. the polyeste industry, where capacit trebled since 1973, is ope at around 55 per cen capacity and yarn prices plummetted from arour cents a pound a year a under 40 cents per pound

It is still possible th current slowdown marks a pause in the upward the chemical industry Du Pont, for example, i fident that fibre productio make an "increasingly tant" contribution t earnings in 1977. But noticeable that most o international majors, apar ICI, have been underperfo their respective stock m for a considerable time chemical industry margi prices will have to ir dramatically over the ne months if the chemical panies are to improve stock market ratings.

Australian market

Much the strongest market in the world f most of the first half o year, the Australian ind share indices turned in tracks in mid-August since have fallen ba almost a quarter with s a pause in the decline. cally the turning poin cided with the introduct what was generally re to be a businessman's

But no bull market have survived the Govern unsuccessful attempts to off devaluation in the an accelerating outflow vate capital. These included such depre familiar weapons as a c special deposits, lending higher interest rates on sury notes and heavy borrowings. Speculatio recent weeks has cent the timing and scale of d tion: the move itself se have been taken for g and so presumably has broadly discounted.

Wilson committee likely to be announced shortly

BY MARGARET REID

THE COMPOSITION of Sir Harold Wilson's committee on financial institutions is expected to be announced in about a fortnight's time.

A relatively small committee, probably of about 12 people, appears likely to be formed, rather than a more unwieldy body. In this respect, it would be similar to the Radcliffe Committee, which reported on the monetary and credit system in 1959 with only nine members.

Soundings

The committee was announced by Mr. James Callaghan, on September 24 just before the Labour Party's conference in Blackpool. Sir Harold's chairmanship was revealed two weeks later along with the wide-ranging terms of reference.

In the two months since then, Sir Harold has been taking soundings—in the City and elsewhere—as part of the process leading to the putting together of the committee.

It is thought that, as far as the financially expert members are concerned, Sir Harold would like very senior people, with close up-to-date, or very recent, knowledge of the workings of the financial institutions themselves.

About half the members may well be people with extensive personal knowledge of the financial institutions, and two or three at least of these will probably be associated with the City. It is reasonable to expect at least one banker and an insurance expert, while the trade unions are bound to be well represented.

In addition, some members from the academic world, from industry and with knowledge of Scotland, given the devolution Bill, can be looked for.

The terms of reference make it clear that principal aspects of interest will include the much-discussed question of finance for industry, the supervision of financial institutions (in the aftermath of the secondary banking crisis) and the possible extension of public ownership in the financial sector.

With the fairly limited size of the committee which seems probable, some members could well be those combining political, financial and/or industrial and union experience.

Although there is no suggestion that the announcement of the committee's composition will coincide with the expected economic package, its timing should make it at least not far separated from the new measures.

Changes

The terms of reference of the Wilson committee are:

- To inquire into the role and financing at home and abroad of financial institutions in the U.K. and their value to the economy;
- To review in particular the provision of funds to industry and trade;
- To consider what changes are required in the existing arrangements for the supervision of these institions, including the possible extension of the public sector.
- To make recommendations.

It has been made clear that within the committee's purview will be the Stock Exchange, the Bank of England, the whole range of banks, finance houses, insurance companies, pension funds and building societies, as well as arrangements for export credit.

Call to reform Press industrial relations

BY CHRISTIAN TYLER, LABOUR STAFF

A THOROUGH reform of pay bargaining and industrial relations practices in the national newspapers has been proposed by the Advisory, Conciliation and Arbitration Service in a report to the Royal Commission on the Press.

Among the main causes of industrial relations tension in Fleet Street identified by ACAS are piecemeal wage deals, organisational weaknesses in both managements and printing unions, the lack of machinery for handling sensitive issues like manning and demarcation, and short-term labour relations thinking.

ACAS says it is optimistic that reforms can be made, despite the views of many publishers' and unions that the present system—in which union chapels (office branches) have become both powerful and independent—will be hard to alter.

The report, which has not yet been released, was requested by the Royal Commission early last year and is now in the hands of printing union leaders and newspaper managements. It will be drawn upon by the Royal Commission for its final report, expected in the middle of next year, although the Commission may decide to publish an interim summary of the ACAS proposals shortly.

ACAS refrains from outright criticism of the national Press, although the Royal Commission in March of this year said many aspects of Fleet Street's industrial relations were "thoroughly unsatisfactory."

Optimism

It says ACAS has three causes for optimism. First, the industry's economic crisis had imposed a discipline on managements and unions they had been unable to impose on themselves in the past. Secondly, six of the nine main publishing houses had announced plans for new technology, which gave them the opportunity to rationalise pay structures. And thirdly, both sides had shown they wanted change.

The study says that union chapels have taken on day-to-day managerial functions "to a unique degree in British industry." This could be seen as "a prime example of worker participation."

But the report goes on to argue that "sectional attitudes" on both sides have contributed to "inefficient working and loose manning in some areas, ineffective management in some cases, and an uneasy industrial relations atmosphere in many houses at the best of times."

ACAS' main conclusions are that chapel bargaining should give way to wider "house," bargaining, while the national wage agreement could be allowed to atrophy. A structure of union committees at departmental, newspaper and inter-house level should be set up, with joint management-union committees at house and national level.

There should be much more disclosure of company financial information to union negotiators and exchange of pay information between chapels. Managements should draw up written industrial relations policies, approved at Board level, and appoint labour relations directors to their Boards where possible.

Amalgamation

Welcoming printing unions' own recent efforts at amalgamation, ACAS says the rival journalists' unions, the National Union of Journalists and the Institute of Journalists, should start a dialogue.

The structure of the Newspaper Publishers' Association should be reviewed by its members and it should be better staffed. A common disputes procedure should be designed too.

The industry has anticipated many of the ACAS findings by setting up its own joint standing committee to deal with the technological revolution. Unions are balloting on whether this committee should be allowed to go ahead and work out the manpower cuts and compensation, among other issues, that will follow photo-composition and computerisation.

Continued from Page 1

Just a heap of rubble

what they had been told by the heads of families. So it was hard to work out whether one man's 35 relatives killed included a couple of dozen of the next man's 40 relatives.

But whatever the figures in Muradiye, it was clear that the earthquake had taken a terrible toll. You had only to multiply the number of bodies you could see by the number of villages and settlements and the scale of the disaster became apparent.

Most obvious is the suffering of the injured children in that Red Crescent first-aid post. A doctor and nurse, were trying to cope with the young boys and girls being brought in. The Government says that about 60 per cent. of the survivors are children under the age of 12.

Outside, lying in the back of a Unicef jeep, were a mother and her two children—the mother, we were told, had a broken back.

Help for these began to flood in on Saturday. The Americans transformed the airport of Van, capital of the stricken province, from a daylight-only operation into a base working round the clock. Portable runway lights and fresh ground-to-air communications were installed.

Christmas tree prices up 20%

By Peter Bullen

CHRISTMAS TREES will cost about 20 per cent. more this year due to a shortage in supplies. The cheapest four-footer in the shops is likely to be about £1.40 with top quality trees double that.

The shortage has been caused by the second dry summer in succession, the effect of late frost on young trees in 1975 and above all the reduction in planting by private growers five or six years ago following over-supplied markets and exceptionally low prices.

Every Christmas some 3m. trees are sold and Mr. Alan Jones, of Yattendon Estates, Berkshire—one of the country's biggest suppliers—said there was a great shortage of most popular sizes.

Yattendon Estates, which sells about 90,000 trees each Christmas, had scoured the country to find trees to fulfill its contracts, he said. In the main, estate prices for trees this year range from 17p a foot for the lowest grade to 35p a foot for top-quality trees dipped to prevent needle fall and packed for easy carrying.

Retail prices vary enormously, depending on local demand, but handling and marketing margins between the estate and the retail counter usually mean the estate price has to be doubled in shops.

The Forestry Commission, which accounts for about 10 per cent. of the trees that are sold at Christmas, has not experienced the same difficulty as private growers in finding supplies and its prices have not risen so much.

However, it has had to move trees from areas such as Wales, which are well supplied, to parts of the country which have had local shortages. It is also suggesting this year that people try varieties other than the traditional Norwegian Spruce. Recommended varieties include Sitka Spruce, Scots Pine and Douglas, Noble and Grand Fir trees.

Weather

U.K. TO-DAY

BLUSTERY SHOWERS in West, wintry in North. Drier further East.

London, E. Anglia, S.E., Cent. S., Cent. N., E., N.E. England, Midlands, Channel Is., N. Wales
Sunny intervals, some rain or showers later. Max. 9C (48F).

S.W. England, S. Wales
Mainly cloudy, rain at times. Winds S.W. strong to gale force. Max. 10C (50F).

N.W. England, Lakes, I. of Man, Borders, Edinburgh, Dundee, S.W. Scotland, Glasgow, N. Ireland
Sunny intervals, showers—heavy in places. Winds S.W. strong. Max. 6C (43F).

Aberdeen, Highlands, Moray Firth, Argyll, N.E., N.W. Scotland, Orkney, Shetland
Sunny intervals, wintry showers—heavy in places. Wind S.W., strong to gale force. Max. 5C (41F).

Outlook: Showers or longer outbreaks of rain in most parts. Windy at times.

Lighting-up: London 16.26, Manchester 16.26, Glasgow 16.21, Belfast 16.35.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria.	C	18	64	Manchstr.	C	9	48
Amstrdm.	C	9	48	Melbourne	S	19	66
Athens	S	13	55	Mexico C.	S	21	70
Barcelona	S	15	59	Milan	C	6	43
Belfast	S	7	45	Montreal	R	2	36
Belgrade	S	7	45	Moscow	C	0	32
Berlin	F	8	46	Munich	F	8	46
Birmghm.	C	9	48	Newcastle	F	8	46
Bristol	C	8	46	New York	C	12	54
Brussels	C	9	48	Oslo	C	4	39
Budapest	F	7	45	Paris	C	8	46
B. Aires	C	26	79	Perth	C	21	70
Cairo	S	17	63	Prague	C	6	43
Cardiff	R	10	50	Reykjavik	C	−2	28
Cologne	C	9	48	Rio de J'o	S	33	91
Copnhagn.	C	7	45	Rome	F	15	59
Dublin	S	7	45	Singapore	C	29	84
Edinb'rgh	F	7	45	Stockholm	C	0	32
Frankfurt	C	7	45	Strasb'rg	F	8	46
Geneva	S	8	46	Sydney	C	20	68
Glasgow	R	6	43	Tehran	S	15	59
Helsinki	C	2	36	Tel Aviv	C	17	63
Hong Kong	S	18	64	Tokyo	C	11	52
Jo'burg	C	25	77	Toronto	Sn	0	32
Lisbon	C	8	46	Vienna	C	9	48
London	R	10	50	Warsaw	C	7	45
Luxemb'g	C	6	43	Zurich	F	7	45
Madrid	S	8	46				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	16	61	Istanbul	F	8	46
Algiers	S	17	63	Jersey	R	10	50
Biarritz	F	16	61	Las Plms.	F	20	68
Blackpool	C	9	48	Locarno	F	7	45
Bordeaux	F	10	50	Majorca	S	17	63
Boulogne	C	10	50	Malaga	C	16	61
Casablnca.	S	16	61	Malta	F	16	61
Cape Town	C	30	86	Naples	F	12	54
Corfu	S	14	57	Nice	S	14	57
Dubrovnik	C	12	54	Nicosia	S	19	66
Faro	S	15	59	Oporto	C	13	55
Florence	F	11	52	Rhodes	S	18	64
Funchal	F	16	61	Salzburg	S	7	45
Gibraltar	S	17	63	Tangier	S	17	64
Guernsey	R	10	50	Tenerife	F	18	61
Innsbruck	S	4	39	Tunis	F	15	59
Inverness	R	7	45	Valencia	S	14	57
I. of Man	F	9	48	Venice	S	6	43

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

Continued from Page 1

Australia devalues

From to-morrow the yield on Treasury notes will rise—from 8.478 per cent. to 8.981 per cent. for 13-week notes and from 8.737 per cent. to 9.23 per cent. for 26-week notes. And the Reserve Bank will take action on the open market to establish the comparable pattern right through the bond market, which will flow on through interest rates generally.

This will mean, Mr. Lynch said, "a period of tightness in liquidity in the June quarter, and business should plan accordingly."

The Government is instituting yet another review of its own spending programmes and will be renewing its arguments for further restraint in wages when next reviewed by the Arbitration Commission.

Mr. Gough Whitlam, Opposition leader, described the measures as "a massive defeat" for the Fraser Government, likely to add 3 to 4 per cent. to the current rate of inflation, pushing it back up around 14 to 15 per cent.

Mr. Robert Muldoon, the New Zealand Premier, said his Cabinet would consider the implications for the New Zealand dollar to-morrow. In the meantime, all foreign currency dealings in New Zealand have been suspended.

The Papua New Guinea Government announced an immediate devaluation of the kind of 7.25 per cent.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY. © The Financial Times Ltd., 1976.